



ECONOMIC DEVELOPMENT AUTHORITY AGENDA

**Tuesday, April 7, 2015
After Council Meeting
Coon Rapids City Center
Council Chambers**

Call to Order

Roll Call

Approval of Minutes of Previous Meeting

1. Approve Minutes of January 20, 2015

New Business

2. Consider Purchase and Redevelopment Agreement and TIF Plan for Senior Housing Development, 110xx Crooked Lake Blvd., Port Campus Square

Other Business

Adjourn



EDA Regular

1.

Meeting Date: 04/07/2015

SUBJECT: Approve Minutes of January 20, 2015

Attachments

January 20, 2015

UNAPPROVED

ECONOMIC DEVELOPMENT AUTHORITY MEETING OF JANUARY 20, 2015

A meeting of the Coon Rapids Economic Development Authority was called to order by President Jerry Koch at 6:55 p.m. on January 20, 2015 in the Council Chambers.

Members Present: President Jerry Koch, Commissioners Ron Manning, Brad Johnson, Wade Demmer and Steve Wells

Members Absent: Denise Klint

CALL TO ORDER

President Koch called the meeting to order at 6:55 p.m.

ROLL CALL

One Absent, Klint.

1. SELECTION OF ECONOMIC DEVELOPMENT AUTHORITY OFFICERS FOR 2015

The Economic Development Authority is requested to appoint the following officers for 2015:

- President
- Vice President
- Secretary
- Assistant Secretary
- Treasurer

MOTION BY COMMISSIONER MANNING, SECONDED BY COMMISSIONER JOHNSON, TO APPOINT THE FOLLOWING OFFICERS FOR 2015:

- PRESIDENT - KOCH
- VICE PRESIDENT - WELLS
- SECRETARY - KLINT
- ASSISTANT SECRETARY - MANNING
- TREASURER - DEMMER

THE MOTION PASSED UNANIMOUSLY.

OTHER BUSINESS

There was no other business to come before the EDA.

ADJOURN

MOTION BY COMMISSIONER JOHNSON, SECONDED BY COMMISSIONER WELLS, TO ADJOURN THE JANUARY 7, 2014, EDA MEETING AT 6:56 P.M. THE MOTION PASSED UNANIMOUSLY.

Approval Attestation:

Joan Lenzmeier, City Clerk



EDA Regular

2.

Meeting Date: 04/07/2015

Subject: Consider Purchase and Redevelopment Agreement and TIF Plan for Senior Housing Development, 110xx Crooked Lake Blvd., Port Campus Square

From: Matt Brown, Economic Development Coordinator

INTRODUCTION

The EDA is asked to consider a Purchase and Redevelopment Agreement, TIF Plan, and interfund loan related to a 166-unit senior apartment building in Port Campus Square east of the Coon Rapids Ice Center.

DISCUSSION

The Port Campus Square Master Plan, adopted by the Council in 2013, recommends developing approximately 4.5 acres of land east of the Coon Rapids Ice Center with senior housing. The development site also includes a single-family lot owned by the HRA at 10920 Crooked Lake Boulevard, a house currently under private ownership at 10930 Crooked Lake Boulevard, and a portion of the Crooked Lake Boulevard right-of-way. The developer will purchase the house at 10930 Crooked Lake Boulevard directly from the current owner. Dominion proposes a 166-unit building oriented toward individuals age 55 and up. All of the units in the proposed building would be affordable to households at or below 60% of the area median income, which reflects the income level of many senior households in the City. The developer will be required to submit a marketing plan to specifically market to City residents and verify senior occupancy of the building. In February 2015, the City Council approved a term sheet, outlining the overall terms for the project. The terms of the development agreement include:

1. Compensation for land of \$1,100,000 with a sale by September 30, 2015. In the Purchase and Redevelopment Agreement, \$600,000 of this amount is characterized as compensation for the land and \$500,000 is characterized as reimbursement for redevelopment and site preparation expenses. This enables the developer to include an additional \$500,000 in their basis for their tax credit application.
2. Complete construction by December 31, 2016.
3. Establish a new housing TIF district that would generate \$1,550,000. Dominion would receive incremental property taxes on a pay-as-you-go basis for approximately 25 years. These funds would be used to repay a note and would finance the project.
4. Provide a \$300,000 deferred loan funded by the HRA fund with an interest rate of 1.0% due three months after maturity of the developer's first mortgage. Dominion initially planned to use HOME funds from Anoka County, but later learned they were not available at this time.
5. Conduit bond financing will be provided at no risk to the City. The City Council will hold a public hearing related to the issuance of bonds at a later date.

Staff has worked closely with the Ehlers', the City's financial advisor, on the financing structure of this project. Staff is comfortable with the proposed financial assistance, since the project's pro forma reflects those of similar senior housing projects in the metro area.

The Council will consider a site plan and plat for the project at its April 7 meeting. The Council will also consider calling for vacation of a portion of the Crooked Lake Boulevard right-of-way to be included in the development site. The HRA will consider conveying the lot at 10920 Crooked Lake Boulevard to the EDA for inclusion in the

overall projectThe EDA is asked to hold a public hearing on the sale of the land and adopt a resolution approving the Purchase and Redevelopment Agreement, which establishes terms of the land sale, construction, and financial assistance. Staff and the EDA's legal counsel are finalizing the Purchase and Redevelopment Agreement and may have a revised document at Tuesday's meeting. The EDA is also asked to adopt a resolution establishing TIF District 1-31 and a resolution approving an interfund loan, which allows the City to be reimbursed for administrative expenses related to the TIF District from tax increment.

RECOMMENDATION

Staff recommends that the EDA:

1. Conduct a public hearing on the land sale.
2. Adopt Resolution EDA 15-1 establishing TIF District 1-31.
3. Adopt Resolution EDA 15-2 approving an interfund loan agreement related to administrative costs.
4. Adopt Resolution EDA 15-3 approving a Purchase and Redevelopment Agreement and related transactions.
5. Authorize the President and Executive Director to execute the deed.
6. Authorize Staff to execute other closing documents as necessary to close on the property.

Attachments

Location Map

Resolution EDA 15-1

Resolution EDA 15-2

Resolution EDA 15-3

TIF Plan, District 1-31

Purchase and Redevelopment Agreement



RESOLUTION NO. EDA 15-1

RESOLUTION ADOPTING A MODIFICATION TO THE REDEVELOPMENT PLAN FOR REDEVELOPMENT PROJECT AREA NO. 1, ESTABLISHING TAX INCREMENT FINANCING DISTRICT NO. 1-31 THEREIN, AND ADOPTING A TAX INCREMENT FINANCING PLAN THEREFOR.

WHEREAS, it has been proposed by the Board of Commissioners (the "Board") of the Economic Development Authority in and for the City of Coon Rapids (the "EDA") and the City of Coon Rapids (the "City") that the EDA adopt a Modification to the Redevelopment Plan (the "Redevelopment Plan Modification") for Redevelopment Project Area No. 1 (the "Project Area") and establish Tax Increment Financing District No. 1-31 (the "District") and adopt a Tax Increment Financing Plan (the "TIF Plan") therefor (the Redevelopment Plan Modification and the TIF Plan are referred to collectively herein as the "Plans"), all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.090 to 469.1082, and Sections 469.174 to 469.1799, inclusive, as amended (the "Act"), all as reflected in the Plans and presented for the Board's consideration; and

WHEREAS, the EDA has investigated the facts relating to the Plans and has caused the Plans to be prepared; and

WHEREAS, the EDA has performed all actions required by law to be performed prior to the adoption of the Plans. The EDA has also requested the City Planning Commission to provide for review of and written comment on Plans and that the Council schedule a public hearing on the Plans upon published notice as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

1. The EDA hereby finds that the District is in the public interest and is a "housing district" under Minnesota Statutes, Section 469.174, Subd. 11, and finds that the adoption of the proposed Plans conform in all respects to the requirements of the Act and will help fulfill a need to develop an area of the State of Minnesota for affordable and high quality housing.
2. The EDA further finds that the Plans will afford maximum opportunity, consistent with the sound needs for the City as a whole, for the development or redevelopment of the Project Area by private enterprise in that the intent is to provide only that public assistance necessary to make the private developments financially feasible.
3. The boundaries of the Project Area are not being expanded.
4. The reasons and facts supporting the findings in this resolution are described in the Plans.
5. The EDA elects to calculate fiscal disparities for the District in accordance with Minnesota Statutes, Section 469.177, Subd. 3, clause b, which means the fiscal disparities contribution would be taken from inside the District. It is not anticipated that the District will contain commercial/industrial property. As a result, there should be no impact due to the fiscal disparities provision on the District.
6. Conditioned upon the approval thereof by the City Council following its public hearing thereon, the Plans, as presented to the EDA on this date, are hereby approved, established and adopted and shall be placed on file in the office of the Executive Director of the EDA.
7. Upon approval of the Plans by the City Council, the staff, the EDA's advisors and legal counsel

are authorized and directed to proceed with the implementation of the Plans and for this purpose to negotiate, draft, prepare and present to this Board for its consideration all further plans, resolutions, documents and contracts necessary for this purpose. Approval of the Plans does not constitute approval of any project or a Development Agreement with any developer.

8. Upon approval of the Plans by the City Council, the Executive Director of the EDA is authorized and directed to forward a copy of the Plans to the Minnesota Department of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes 469.175, Subd. 4a.
9. The Executive Director of the EDA is authorized and directed to forward a copy of the Plans to the Anoka County Auditor and request that the Auditor certify the original tax capacity of the District as described in the Plans, all in accordance with Minnesota Statutes 469.177.

Approved by the Board on April 7, 2015.

Jerry Koch, President

ATTEST:

Denise Klint, Secretary

RESOLUTION NO. EDA 15-2

RESOLUTION AUTHORIZING AN INTERFUND LOAN FOR ADVANCE OF CERTAIN COSTS IN CONNECTION WITH TAX INCREMENT FINANCING DISTRICT NO. 1-31.

BE IT RESOLVED by the Board of Commissioners (the "Board") of the Coon Rapids Economic Development Authority (the "EDA") of the City of Coon Rapids, Minnesota, as follows:

WHEREAS, the City Council for the City of Coon Rapids, Minnesota (the "City"), intends to establish Tax Increment Financing District No. 1-31 (the "TIF District") within Redevelopment Project No. 1 (the "Project"), and will adopt a Tax Increment Financing Plan (the "TIF Plan") for the purpose of financing certain improvements within the Project.

WHEREAS, the EDA has determined to pay for certain costs identified in the TIF Plan consisting of land/building acquisition, site improvements/preparation, public utilities, other qualifying improvements, interest and administrative costs (collectively, the "Qualified Costs"), which costs may be financed on a temporary basis from EDA funds available for such purposes.

WHEREAS, under Minnesota Statutes, Section 469.178, Subd. 7, the EDA is authorized to advance or loan money from the EDA's general fund or any other fund from which such advances may be legally authorized, in order to finance the Qualified Costs.

WHEREAS, the EDA intends to reimburse itself for the Qualified Costs from tax increments derived from the TIF District in accordance with the terms of this resolution (which terms are referred to collectively as the "Interfund Loan").

NOW THEREFORE BE IT RESOLVED by the Board as follows:

1. The EDA hereby authorizes the advance of up to \$25,000 from the HRA fund or so much thereof as may be paid as Qualified Costs. The EDA shall reimburse itself for such advances together with interest at the rate stated below. Interest accrues on the principal amount from the date of each advance. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 are from time to time adjusted. The interest rate shall be 4% and will not fluctuate.
2. Principal and interest ("Payments") on the Interfund Loan shall be paid semi-annually on each August 1 and February 1 (each a "Payment Date"), commencing on the first Payment Date on which the EDA has Available Tax Increment (defined below), or on any other dates determined by the Executive Director of the EDA, through the date of last receipt of tax increment from the TIF District.
3. Payments on this Interfund Loan are payable solely from "Available Tax Increment," which shall mean, on each Payment Date, tax increment available after other obligations have been paid, or as determined by the Executive Director of the EDA, generated in the preceding six (6) months with respect to the property within the TIF District and remitted to the City by Anoka County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.1794, all inclusive, as amended. Payments on this Interfund Loan may be subordinated to any outstanding or future bonds, notes

or contracts secured in whole or in part with Available Tax Increment, and are on parity with any other outstanding or future interfund loans secured in whole or in part with Available Tax Increment.

4. The principal sum and all accrued interest payable under this Interfund Loan are pre-payable in whole or in part at any time by the EDA without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under this Interfund Loan.
5. This Interfund Loan is evidence of an internal borrowing by the EDA in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and is a limited obligation payable solely from Available Tax Increment pledged to the payment hereof under this resolution. This Interfund Loan and the interest hereon shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the EDA. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on this Interfund Loan or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on this Interfund Loan or other costs incident hereto. The EDA shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon, which may remain unpaid after the final Payment Date.
6. The EDA may amend the terms of this Interfund Loan at any time by resolution of the Board, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.

Approved by the Board on April 7, 2015.

Jerry Koch, President

ATTEST:

Denise Klint, Secretary

RESOLUTION NO. EDA 15-3

APPROVING PURCHASE AND REDEVELOPMENT AGREEMENT WITH COON RAPIDS LEASED HOUSING ASSOCIATES IV, LLLP

WHEREAS, the City of Coon Rapids, Minnesota (the “City”) and the Economic Development Authority in and for the City of Coon Rapids, Minnesota (the “EDA”) have established Tax Increment Financing District No. 1-31 (the “TIF District”) within Redevelopment Project No. 1 (the “Project Area”), and adopted a Tax Increment Financing Plan (the “TIF Plan”) for the purpose of financing certain improvements within the Project Area;

WHEREAS, the EDA has reviewed a proposal by Coon Rapids Leased Housing Associates IV, LLLP (the “Developer”) to construct an approximately 166-unit senior rental housing facility (the “Facility”), to be located at 10920, 10930 and 11000 Crooked Lake Blvd NW in the City (the “Development Property”);

WHEREAS, the EDA has determined that it is reasonable and necessary to provide certain financial assistance to the Developer in order to facilitate Developer’s plans for the Facility and the Development Property, and to that end, parties have negotiated a Purchase and Redevelopment Agreement between the Authority and Developer (the “Agreement”);

WHEREAS, pursuant to the Agreement the EDA will convey the portion of the Development Property identified in **Exhibit A** to the Developer (the “EDA Property”);

WHEREAS, in accordance with Minnesota Statutes, Sections 469.105, the EDA has on this date conducted a duly noticed public hearing regarding the sale of the EDA Property to the Developer, at which all interested persons were given an opportunity to be heard.

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners (the “Board”) of the Economic Development Authority in and for the City of Coon Rapids, Minnesota (the “EDA”) as follows:

1. The EDA finds and determines that conveyance of the EDA Property to the Developer is in the public interest and will further the objectives of its general plan of economic development, housing development and redevelopment of the City, because it will provide increased affordable life-cycle housing opportunities in the City and serve as an impetus for further development.
2. The EDA hereby approves the Agreement in substantially the form presented to the Board, including conveyance of the EDA Property to the Developer, together with any related documents necessary in connection therewith, including without limitation all documents referenced in or attached to the Agreement, and any deed or other documents necessary to convey the EDA Property to Developer, all as described in the Agreement (collectively, the “Development Documents”) and the President and the Executive Director are hereby authorized and directed to execute the Development Documents on behalf of the EDA and to carry out, on behalf of the EDA, the EDA’s obligations thereunder.
3. EDA staff and officials are authorized to take all actions necessary to perform the EDA’s obligations under the Development Documents as a whole, including without limitation execution of any documents or certifications to which the EDA is a party referenced in or attached to the Agreement, and any deed or other documents necessary to convey the EDA Property to Developer.

4. The approval hereby given to the Development Documents includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by legal counsel to the EDA and by the officers authorized herein to execute said documents prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the EDA. The execution of any instrument by the appropriate officers of the EDA herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof. In the event of absence or disability of the officers, any of the documents authorized by this Resolution to be executed may be executed without further act or authorization of the Board by any duly designated acting official, or by such other officer or officers of the Board as, in the opinion of the City Attorney, may act in their behalf.
5. Pursuant to Minnesota Statutes, Sections 469.012, Subdivisions 11 and 1o, 469.041 and 469.192, the Housing and Redevelopment Authority in and for the City of Coon Rapids, Minnesota (the "HRA") has authorized a transfer of \$300,000 from the HRA's general fund or any other fund from which such amount may be legally transferred (the "Fund") to the EDA to fund a loan to the Developer in connection with the Facility pursuant to the Agreement (the "Loan"). The amount transferred from the Fund is hereby determined to be an interfund loan (the "Interfund Loan"). The EDA will reimburse and repay the Interfund Loan, together with interest at the rate set forth in the Deferred Loan Promissory Note (as defined in the Agreement), from payments from the Developer pursuant to the Deferred Loan Promissory Note (the "Loan Repayments") when and as received by the EDA from the Developer; provided that the EDA may prepay the Interfund Loan, in its sole discretion, on any date from any legally available funds as determined by the Finance Director of the City. This resolution is evidence of an internal borrowing by the EDA, and is a limited obligation payable solely from the Loan Repayments pledged to the payment of the Interfund Loan under this resolution. The Interfund Loan shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the City and the EDA. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of the Loan Repayments.

Approved by the Board on April 7, 2015.

Jerry Koch, President

ATTEST:

Denise Klint, Secretary

EXHIBIT A
EDA PROPERTY

Lot 11, Robinwood, Anoka County, Minnesota, according to the recorded plat thereof.

AND

That part of Crooked Lake Boulevard as dedicated in the plat of Robinwood Plat 3, Anoka County, Minnesota, according to the recorded plat thereof, lying westerly of the following described line:

Beginning at the southeast corner of said Crooked Lake Boulevard; thence North 0 degrees 11 minutes 08 seconds East, on an assumed bearing along the easterly line of said Crooked Lake Boulevard, a distance of 84.96 feet to a point of curve in said easterly line; thence continuing northerly, along said easterly line, a distance of 88.48 feet to a point of curve in said easterly line; thence North 17 degrees 39 minutes 57 seconds West, to the westerly line of said Crooked Lake Boulevard, and said line there terminating.

AND

That part of Lot 1, Block 3 and Outlot A, Robinwood Plat 5, Anoka County, Minnesota, according to the recorded plat thereof lying southerly and easterly of the following described line:

Commencing at the southeast corner of Crooked Lake Boulevard as dedicated in the plat of Robinwood Plat 3, Anoka County, Minnesota, according to the recorded plat thereof; thence North 0 degrees 11 minutes 08 seconds East, on an assumed bearing along the easterly line of said Crooked Lake Boulevard, a distance of 84.96 feet to a point of curve in said easterly line; thence continuing northerly, along said easterly line, a distance of 88.48 feet to a point of curve in said easterly line; thence North 17 degrees 39 minutes 57 seconds West, to the westerly line of said Crooked Lake Boulevard and the point of beginning of said line; thence South 80 degrees 45 minutes 00 seconds West a distance of 28.96 feet; thence westerly a distance of 92.94 feet along a tangential curve, concave to the north having a radius of 128.31 feet and a central angle of 41 degrees 30 minutes 09 seconds; thence North 57 degrees 44 minutes 50 seconds West, tangent to said curve, a distance of 80.00 feet; thence South 32 degrees 45 minutes 49 seconds West to the southerly line of said Lot 1 and said line there terminating.



*As of March 31, 2015
Draft for Public Hearing*

**Modification to the Redevelopment Plan
for Redevelopment Project Area No. 1**

and the

Tax Increment Financing Plan

for the establishment of

**Tax Increment Financing District No. 1-31
(a housing district)**

within

Redevelopment Project Area No. 1

Economic Development Authority in and for the City of Coon Rapids
City of Coon Rapids
Anoka County
State of Minnesota

Public Hearing: April 7, 2015
Adopted:



Prepared by: EHLERS & ASSOCIATES, INC.
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Section 1 - Modification to the Redevelopment Plan for Redevelopment Project Area No. 1

Foreword

The following text represents a Modification to the Redevelopment Plan for Redevelopment Project Area No. 1. This modification represents a continuation of the goals and objectives set forth in the Redevelopment Plan for Redevelopment Project Area No. 1. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 1-31.

For further information, a review of the Redevelopment Plan for Redevelopment Project Area No. 1 is recommended. It is available from the Community Development Specialist at the City of Coon Rapids. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within Redevelopment Project Area No. 1.

Section 2 - Tax Increment Financing Plan for Tax Increment Financing District No. 1-31

Subsection 2-1. Foreword

The Economic Development Authority in and for the City of Coon Rapids (the "EDA"), the City of Coon Rapids (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 1-31 (the "District"), a housing tax increment financing district, located in Redevelopment Project Area No. 1.

Subsection 2-2. Statutory Authority

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the EDA and City have certain statutory powers pursuant to *Minnesota Statutes ("M.S.")*, Sections 469.090 to 469.1082, inclusive, as amended, and *M.S.*, Sections 469.174 to 469.1794, inclusive, as amended (the "Tax Increment Financing Act" or "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Redevelopment Plan for Redevelopment Project Area No. 1.

Subsection 2-3. Statement of Objectives

The District currently consists of three parcels of land and adjacent and internal rights-of-way. The District is being created to facilitate construction of 166 units of affordable senior apartments in the City. Please see Appendix A for further District information. The city has approved a preliminary Term Sheet with Dominium and will enter into an agreement with the company as the developer. This TIF Plan is expected to achieve many of the objectives outlined in the Redevelopment Plan for Redevelopment Project Area No. 1.

The activities contemplated in the Modification to the Redevelopment Plan and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Redevelopment Project Area No. 1 and the District.

Subsection 2-4. Redevelopment Plan Overview

1. Property to be Acquired - The EDA or City currently owns two parcels of property within the District. The remaining property located within the District may be acquired by the developer, EDA or City and is further described in this TIF Plan.
2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S.*, Chapter 117 and other relevant state and federal laws.
3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the EDA or City may sell to a developer selected properties that it owns or may acquire within the District or may lease land or facilities to a developer.
4. The EDA or City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

Subsection 2-5. Description of Property in the District and Property To Be Acquired

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed in Appendix C of this TIF Plan. Please also see the map in Appendix B for further information on the location of the District.

The EDA or City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the EDA or City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The EDA or City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

Subsection 2-6. Classification of the District

The EDA and City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, find that the District, to be established, is a housing district pursuant to *M.S., Section 469.174, Subd. 11* and *M.S., Section 469.1761* as defined below:

M.S., Section 469.174, Subd.11:

"Housing district" means a type of tax increment financing district which consists of a project, or a portion of a project, intended for occupancy, in part, by persons or families of low and moderate income, as defined in chapter 462A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, any other similar present or future federal, state, or municipal legislation, or the regulations promulgated under any of those acts, and that satisfies the requirements of M.S., Section 469.1761. Housing project means a project, or portion of a project, that meets all the qualifications of a housing district under this subdivision, whether or not actually established as a housing district.

M.S., Section 469.1761:

Subd. 1. Requirement imposed.

(a) In order for a tax increment financing district to qualify as a housing district:

(1) the income limitations provided in this section must be satisfied; and

(2) no more than 20 percent of the square footage of buildings that receive assistance from tax increments may consist of commercial, retail, or other nonresidential uses.

(b) The requirements imposed by this section apply to property receiving assistance financed with tax increments, including interest reduction, land transfers at less than the Authority's cost of acquisition, utility service or connections, roads, parking facilities, or other subsidies. The provisions of this section do not apply to districts located within a targeted area as defined in Section 462C.02 Subd 9, clause (e).

(c) For purposes of the requirements of paragraph (a), the authority may elect to treat an addition

to an existing structure as a separate building if:

- (1) construction of the addition begins more than three years after construction of the existing structure was completed; and*
- (2) for an addition that does not meet the requirements of paragraph (a), clause (2), if it is treated as a separate building, the addition was not contemplated by the tax increment financing plan which includes the existing structure.*

Subd. 2. Owner occupied housing.

For owner occupied residential property, 95 percent of the housing units must be initially purchased and occupied by individuals whose family income is less than or equal to the income requirements for qualified mortgage bond projects under section 143(f) of the Internal Revenue Code.

Subd. 3. Rental property.

For residential rental property, the property must satisfy the income requirements for a qualified residential rental project as defined in section 142(d) of the Internal Revenue Code. The requirements of this subdivision apply for the duration of the tax increment financing district.

Subd. 4. Noncompliance; enforcement.

Failure to comply with the requirements of this section is subject to M.S., Section 469.1771.

In meeting the statutory criteria the EDA and City rely on the following facts and findings:

- The District consists of three parcels.
- The development will consist of 166 units of multi-family rental housing.
- 40% of the units will be occupied by person with incomes less than 60% of median income.

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111 or 273.112 or Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

Subsection 2-7. Duration and First Year of Tax Increment of the District

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the EDA or City (a total of 26 years of tax increment). The EDA or City elects to receive the first tax increment in 2017, which is no later than four years following the year of approval of the District. Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2042, or when the TIF Plan is satisfied. The EDA or City reserves the right to decertify the District prior to the legally required date.

Subsection 2-8. Original Tax Capacity, Tax Rate and Estimated Captured Net Tax Capacity Value/Increment and Notification of Prior Planned Improvements

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2015 for taxes payable 2016, assuming the request for certification is made before June 30, 2016.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2017) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the district;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the EDA or City.

The original local tax rate for the District will be the local tax rate for taxes payable 2016, assuming the request for certification is made before June 30, 2016. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Redevelopment Project Area No. 1, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The EDA and City request 100 percent of the available increase in tax capacity for repayment of its obligations and current expenditures, beginning in the tax year payable 2017. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Estimated Tax Capacity upon Completion (PTC)	\$253,083	
Original Estimated Net Tax Capacity (ONTC)	\$7,622	
Estimated Captured Tax Capacity (CTC)	\$245,461	
Original Local Tax Rate	1.12222	Estimated Pay 2015
Estimated Annual Tax Increment (CTC x Local Tax Rate)	\$275,461	
Percent Retained by the EDA	100%	

Tax capacity includes a 3% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 25. The tax capacity of the District in year one is estimated to be \$62,250.

Pursuant to *M.S., Section 469.177, Subd. 4*, the EDA shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City has reviewed the area to be included in the District and found no parcels for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

Subsection 2-9. Sources of Revenue/Bonds to be Issued

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The EDA or City reserves the right to incur bonds or other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by a pay-as-you-go note/interfund loan/transfer. Any refunding amounts will be deemed a budgeted cost without a formal TIF Plan Modification. This provision does not obligate the EDA or City to incur debt. The EDA or City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The total estimated tax increment revenues for the District are shown in the table below:

<u>SOURCES OF FUNDS</u>	<u>TOTAL</u>
Tax Increment	\$4,923,648
<u>Interest</u>	<u>\$492,365</u>
TOTAL	\$5,416,013

The EDA or City may issue bonds (as defined in the TIF Act) secured in whole or in part with tax increments from the District in a maximum principal amount of \$2,856,846. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

Subsection 2-10. Uses of Funds

Currently under consideration for the District is a proposal to facilitate construction of 166 units of affordable senior apartments. The EDA and City have determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described. The EDA has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

<u>USES OF TAX INCREMENT FUNDS</u>	<u>TOTAL</u>
Land/Building Acquisition	\$1,050,000
Site Improvements/Preparation	\$200,000
Utilities	\$300,000
Other Qualifying Improvements	\$814,482
<u>Administrative Costs (up to 10%)</u>	<u>\$492,365</u>
PROJECT COST TOTAL	\$2,856,847
<u>Interest</u>	<u>\$2,559,166</u>
PROJECT AND INTEREST COSTS TOTAL	\$5,416,013

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in Subsection 2-9.

Estimated costs associated with the District are subject to change among categories without a modification to this TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. The EDA may expend funds for qualified housing activities outside of the District boundaries.

Subsection 2-11. Fiscal Disparities Election

Pursuant to *M.S., Section 469.177, Subd. 3*, the City may elect one of two methods to calculate fiscal disparities. If the calculations pursuant to *M.S., Section 469.177, Subd. 3, clause b*, (inside the District) are followed, the following method of computation shall apply:

- (1) *The original net tax capacity shall be determined before the application of the fiscal disparity provisions of Chapter 276A or 473F. The current net tax capacity shall exclude any fiscal disparity commercial-industrial net tax capacity increase between the original year and the current year multiplied by the fiscal disparity ratio determined pursuant to M.S., Section 276A.06, subdivision 7 or M.S., Section 473F.08, subdivision 6. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured tax capacity and no tax increment determination. Where the original tax capacity is less than the current tax capacity, the difference between the original net tax capacity and the current net tax capacity is the captured net tax capacity. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured net tax capacity of the authority.*
- (2) *The county auditor shall exclude the retained captured net tax capacity of the authority from the net tax capacity of the local taxing districts in determining local taxing district tax rates. The local tax rates so determined are to be extended against the retained captured net tax capacity of the authority as well as the net tax capacity of the local taxing districts. The tax generated by the extension of the less of (A) the local taxing district tax rates or (B) the original local tax rate to the retained captured net tax capacity of the authority is the tax increment of the authority.*

The City will choose to calculate fiscal disparities by clause b. It is not anticipated that the District will contain commercial/industrial property. As a result, there should be no impact due to the fiscal disparities provision on the District.

According to *M.S., Section 469.177, Subd. 3*:

- (c) The method of computation of tax increment applied to a district pursuant to paragraph (a) or (b) shall remain the same for the duration of the district, except that the governing body may elect to change its election from the method of computation in paragraph (a) to the method in paragraph (b).*

Subsection 2-12. Business Subsidies

Pursuant to *M.S., Section 116J.993, Subd. 3*, the following forms of financial assistance are not considered a business subsidy:

- (1) A business subsidy of less than \$150,000;
- (2) Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
- (3) Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
- (4) Redevelopment property polluted by contaminants as defined in *M.S., Section 116J.552, Subd. 3*;
- (5) Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50% of the total cost;
- (6) Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
- (7) Assistance for housing;
- (8) Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under *M.S., Section 469.174, Subd. 23*;
- (9) Assistance for energy conservation;
- (10) Tax reductions resulting from conformity with federal tax law;
- (11) Workers' compensation and unemployment compensation;
- (12) Benefits derived from regulation;
- (13) Indirect benefits derived from assistance to educational institutions;
- (14) Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501 (c) (3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
- (15) Assistance for a collaboration between a Minnesota higher education institution and a business;
- (16) Assistance for a tax increment financing soils condition district as defined under *M.S., Section 469.174, Subd. 19*;
- (17) Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
- (18) General changes in tax increment financing law and other general tax law changes of a principally technical nature;
- (19) Federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;
- (20) Funds from dock and wharf bonds issued by a seaway port authority;
- (21) Business loans and loan guarantees of \$150,000 or less;

- (22) Federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and
- (23) Property tax abatements granted under *M.S., Section 469.1813* to property that is subject to valuation under Minnesota Rules, chapter 8100.

The EDA will comply with *M.S., Sections 116J.993 to 116J.995* to the extent the tax increment assistance under this TIF Plan does not fall under any of the above exemptions.

Subsection 2-13. County Road Costs

Pursuant to *M.S., Section 469.175, Subd. 1a*, the county board may require the EDA or City to pay for all or part of the cost of county road improvements if the proposed development to be assisted by tax increment will, in the judgment of the county, substantially increase the use of county roads requiring construction of road improvements or other road costs and if the road improvements are not scheduled within the next five years under a capital improvement plan or within five years under another county plan.

If the county elects to use increments to improve county roads, it must notify the EDA or City within forty-five days of receipt of this TIF Plan. In the opinion of the EDA and City and consultants, the proposed development outlined in this TIF Plan will have little or no impact upon county roads, therefore the TIF Plan was not forwarded to the county 45 days prior to the public hearing. The EDA and City are aware that the county could claim that tax increment should be used for county roads, even after the public hearing.

Subsection 2-14. Estimated Impact on Other Taxing Jurisdictions

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the EDA or City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

IMPACT ON TAX BASE

	<u>2014/Pay 2015 Total Net Tax Capacity</u>	<u>Estimated Captured Tax Capacity (CTC) Upon Completion</u>	<u>Percent of CTC to Entity Total</u>
Anoka County	285,531,892	245,461	0.0860%
City of Coon Rapids	49,038,831	245,461	0.5005%
Anoka Hennepin ISD No. 11	148,985,813	245,461	0.1648%

IMPACT ON TAX RATES

	<u>Pay 2015 Extension Rates</u>	<u>Percent of Total</u>	<u>CTC</u>	<u>Potential Taxes</u>
Anoka County	0.381230	33.97%	245,461	93,577
City of Coon Rapids	0.447540	39.88%	245,461	109,854
Anoka Hennepin ISD No. 11	0.224820	20.03%	245,461	55,185
Other	<u>0.068630</u>	<u>6.12%</u>	<u>245,461</u>	16,846
Total	1.122220	100.00%		275,461

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the actual Pay 2015 rate. The total net capacity for the entities listed above are based on actual Pay 2015 figures. The District will be certified under the actual Pay 2016 rates, which were unavailable at the time this TIF Plan was prepared.

Pursuant to *M.S. Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$4,923,648;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is not expected. The City police department does track all calls for service by owner or renter occupancy. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment.

The probable impact of the District on fire protection is not expected to be significant. Typically new buildings generate few calls, if any, and are of superior construction.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute an estimated \$412,510 in sanitary sewer (SAC) connection fees.

The probable impact of any District general obligation tax increment bonds on the ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$986,207.
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$1,672,563;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S. Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

Subsection 2-15. Supporting Documentation

Pursuant to *M.S. Section 469.175, Subd. 1 (a), clause 7* the TIF Plan must contain identification and description of studies and analyses used to make the findings are required in the resolution approving the District. Following is a list of reports and studies on file at the City that support the EDA and City's findings:

- City of Coon Rapids: *Port Campus Square Master Plan*, 2013
- City of Coon Rapids: *Comprehensive Housing Strategy*, October, 2007
- City of Coon Rapids: *Comprehensive Plan*, August, 2009

Subsection 2-16. Definition of Tax Increment Revenues

Pursuant to *M.S., Section 469.174, Subd. 25*, tax increment revenues derived from a tax increment financing district include all of the following potential revenue sources:

1. Taxes paid by the captured net tax capacity, but excluding any excess taxes, as computed under *M.S., Section 469.177*;
2. The proceeds from the sale or lease of property, tangible or intangible, to the extent the property was purchased by the Authority with tax increments;
3. Principal and interest received on loans or other advances made by the Authority with tax increments;
4. Interest or other investment earnings on or from tax increments; and
5. Repayments or return of tax increments made to the Authority under agreements for districts for which the request for certification was made after August 1, 1993.

Subsection 2-17. Modifications to the District

In accordance with *M.S., Section 469.175, Subd. 4*, any:

1. Reduction or enlargement of the geographic area of the District, if the reduction does not meet the requirements of *M.S., Section 469.175, Subd. 4(e)*;
2. Increase in amount of bonded indebtedness to be incurred;
3. A determination to capitalize interest on debt if that determination was not a part of the original TIF Plan;
4. Increase in the portion of the captured net tax capacity to be retained by the EDA or City;
5. Increase in the estimate of the cost of the District, including administrative expenses, that will be paid or financed with tax increment from the District; or
6. Designation of additional property to be acquired by the EDA or City,

shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original TIF Plan.

Pursuant to *M.S. Section 469.175 Subd. 4(f)*, the geographic area of the District may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor. If a housing district is enlarged, the reasons and supporting facts for the determination that the addition to the district meets the criteria of *M.S., Section 469.174, Subd. 11* must be documented. The requirements of this paragraph do not apply if (1) the only modification is elimination of parcel(s) from the District and (2) (A) the current net tax capacity of the parcel(s) eliminated from the District equals or exceeds the net tax capacity of those parcel(s) in the District's original net tax capacity or (B) the EDA agrees that, notwithstanding *M.S., Section 469.177, Subd. 1*, the original net tax capacity will be reduced by no more than the current net tax capacity of the parcel(s) eliminated from the District.

The EDA or City must notify the County Auditor of any modification to the District. Modifications to the District in the form of a budget modification or an expansion of the boundaries will be recorded in the TIF Plan.

Subsection 2-18. Administrative Expenses

In accordance with *M.S., Section 469.174, Subd. 14*, administrative expenses means all expenditures of the EDA or City, *other than*:

1. Amounts paid for the purchase of land;
2. Amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the District;
3. Relocation benefits paid to or services provided for persons residing or businesses located in the District; or
4. Amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to *M.S., Section 469.178*; or
5. Amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (3).

For districts for which the request for certification were made before August 1, 1979, or after June 30, 1982, and before August 1, 2001, administrative expenses also include amounts paid for services provided by bond counsel, fiscal consultants, and planning or economic development consultants. Pursuant to *M.S., Section*

469.176, Subd. 3, tax increment may be used to pay any **authorized and documented** administrative expenses for the District up to but not to exceed 10 percent of the total estimated tax increment expenditures authorized by the TIF Plan or the total tax increments, as defined by M.S., Section 469.174, Subd. 25, clause (1), from the District, whichever is less.

For districts for which certification was requested after July 31, 2001, no tax increment may be used to pay any administrative expenses for District costs which exceed ten percent of total estimated tax increment expenditures authorized by the TIF Plan or the total tax increments, as defined in M.S., Section 469.174, Subd. 25, clause (1), from the District, whichever is less.

Pursuant to M.S., Section 469.176, Subd. 4h, tax increments may be used to pay for the County's actual administrative expenses incurred in connection with the District and are not subject to the percentage limits of M.S., Section 469.176, Subd. 3. The county may require payment of those expenses by February 15 of the year following the year the expenses were incurred.

Pursuant to M.S., Section 469.177, Subd. 11, the County Treasurer shall deduct an amount (currently .36 percent) of any increment distributed to the EDA or City and the County Treasurer shall pay the amount deducted to the State Commissioner of Management and Budget for deposit in the state general fund to be appropriated to the State Auditor for the cost of financial reporting of tax increment financing information and the cost of examining and auditing authorities' use of tax increment financing. This amount may be adjusted annually by the Commissioner of Revenue.

Subsection 2-19. Limitation of Increment

The tax increment pledged to the payment of bonds and interest thereon may be discharged and the District may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or redemption date.

Pursuant to M.S., Section 469.176, Subd. 6:

if, after four years from the date of certification of the original net tax capacity of the tax increment financing district pursuant to M.S., Section 469.177, no demolition, rehabilitation or renovation of property or other site preparation, including qualified improvement of a street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel and the original net tax capacity of that parcel shall be excluded from the original net tax capacity of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel including qualified improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced and the county auditor shall certify the net tax capacity thereof as most recently certified by the commissioner of revenue and add it to the original net tax capacity of the tax increment financing district. The county auditor must enforce the provisions of this subdivision. The authority must submit to the county auditor evidence that the required activity has taken place for each parcel in the district. The evidence for a parcel must be submitted by February 1 of the fifth year following the year in which the parcel was certified as included in the district. For purposes of this subdivision, qualified improvements of a

street are limited to (1) construction or opening of a new street, (2) relocation of a street, and (3) substantial reconstruction or rebuilding of an existing street.

The EDA or City or a property owner must improve parcels within the District by approximately April 2019 and report such actions to the County Auditor.

Subsection 2-20. Use of Tax Increment

The EDA or City hereby determines that it will use 100 percent of the captured net tax capacity of taxable property located in the District for the following purposes:

1. To pay the principal of and interest on bonds issued to finance a project;
2. To finance, or otherwise pay the cost of redevelopment of the Redevelopment Project Area No. 1 pursuant to *M.S., Sections 469.090 to 469.1082*;
3. To pay for project costs as identified in the budget set forth in the TIF Plan;
4. To finance, or otherwise pay for other purposes as provided in *M.S., Section 469.176, Subd. 4*;
5. To pay principal and interest on any loans, advances or other payments made to or on behalf of the EDA or City or for the benefit of Redevelopment Project Area No. 1 by a developer;
6. To finance or otherwise pay premiums and other costs for insurance or other security guaranteeing the payment when due of principal of and interest on bonds pursuant to the TIF Plan or pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165*, and/or *M.S., Sections 469.178*; and
7. To accumulate or maintain a reserve securing the payment when due of the principal and interest on the tax increment bonds or bonds issued pursuant to *M.S., Chapter 462C, M.S., Sections 469.152 through 469.165*, and/or *M.S., Sections 469.178*.

Revenues derived from tax increment from a housing district must be used solely to finance the cost of housing projects as defined in *M.S., Sections 469.174, Subd. 11 and 469.1761*. The cost of public improvements directly related to the housing projects and the allocated administrative expenses of the EDA or City may be included in the cost of a housing project.

These revenues shall not be used to circumvent any levy limitations applicable to the City nor for other purposes prohibited by *M.S., Section 469.176, Subd. 4*.

Tax increments generated in the District will be paid by Anoka County to the EDA for the Tax Increment Fund of said District. The EDA or City will pay to the developer(s) annually an amount not to exceed an amount as specified in a developer's agreement to reimburse the costs of land acquisition, public improvements, demolition and relocation, site preparation, and administration. Remaining increment funds will be used for EDA or City administration (up to 10 percent) and for the costs of public improvement activities outside the District.

Subsection 2-21. Excess Increments

Excess increments, as defined in *M.S., Section 469.176, Subd. 2*, shall be used only to do one or more of the following:

1. Prepay any outstanding bonds;
2. Discharge the pledge of tax increment for any outstanding bonds;
3. Pay into an escrow account dedicated to the payment of any outstanding bonds; or
4. Return the excess to the County Auditor for redistribution to the respective taxing jurisdictions in proportion to their local tax rates.

The EDA or City must spend or return the excess increments under paragraph (c) within nine months after the end of the year. In addition, the EDA or City may, subject to the limitations set forth herein, choose to modify the TIF Plan in order to finance additional public costs in Redevelopment Project Area No. 1 or the District.

Subsection 2-22. Requirements for Agreements with the Developer

The EDA or City will review any proposal for private development to determine its conformance with the Redevelopment Plan and with applicable municipal ordinances and codes. To facilitate this effort, the following documents may be requested for review and approval: site plan, construction, mechanical, and electrical system drawings, landscaping plan, grading and storm drainage plan, signage system plan, and any other drawings or narrative deemed necessary by the EDA or City to demonstrate the conformance of the development with City plans and ordinances. The EDA or City may also use the Agreements to address other issues related to the development.

Pursuant to *M.S., Section 469.176, Subd. 5*, no more than 10 percent, by acreage, of the property to be acquired in the District as set forth in the TIF Plan shall at any time be owned by the EDA or City as a result of acquisition with the proceeds of bonds issued pursuant to *M.S., Section 469.178* to which tax increments from property acquired is pledged, unless prior to acquisition in excess of 10 percent of the acreage, the EDA or City concluded an agreement for the development of the property acquired and which provides recourse for the EDA or City should the development not be completed.

Subsection 2-23. Assessment Agreements

Pursuant to *M.S., Section 469.177, Subd. 8*, the EDA or City may enter into a written assessment agreement in recordable form with the developer of property within the District which establishes a minimum market value of the land and completed improvements for the duration of the District. The assessment agreement shall be presented to the County Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, the County Assessor shall also certify the minimum market value agreement.

Subsection 2-24. Administration of the District

Administration of the District will be handled by the Community Development Specialist.

Subsection 2-25. Annual Disclosure Requirements

Pursuant to *M.S., Section 469.175, Subds. 5, 6, and 6b* the EDA or City must undertake financial reporting for all tax increment financing districts to the Office of the State Auditor, County Board and County Auditor on or before August 1 of each year. *M.S., Section 469.175, Subd. 5* also provides that an annual statement shall be published in a newspaper of general circulation in the City on or before August 15.

If the City fails to make a disclosure or submit a report containing the information required by *M.S., Section 469.175 Subd. 5 and Subd. 6*, the OSA will direct the County Auditor to withhold the distribution of tax increment from the District.

Subsection 2-26. Reasonable Expectations

As required by the TIF Act, in establishing the District, the determination has been made that the anticipated development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. In making said determination, reliance has been placed upon written representation made by the developer to such effects and upon EDA and City staff awareness of the feasibility of developing the project site(s) within the District.

Subsection 2-27. Other Limitations on the Use of Tax Increment

1. General Limitations. All revenue derived from tax increment shall be used in accordance with the TIF Plan. The revenues shall be used to finance, or otherwise pay the cost of redevelopment of the Redevelopment Project Area No. 1 pursuant to *M.S., Sections 469.090 to 469.1082*. Tax increments may not be used to circumvent existing levy limit law. No tax increment may be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government. This provision does not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure.
2. Housing District Exceptions to Restriction on Pooling; Five Year Limit. Pursuant to *M.S., Section 469.1763*, (1) At least 80% of the tax increment derived from the District must be expended on Public Costs incurred within said district, and up to 20% of said tax increments may be spent on Public Costs incurred outside of the District but within Redevelopment Project Area No. 1; provided that in the case of a housing district, a housing project, as defined in *M.S., Section 469.174, Subd. 11*, is deemed to be an activity in the District, even if the expenditure occurred after five years.

Subsection 2-28. Summary

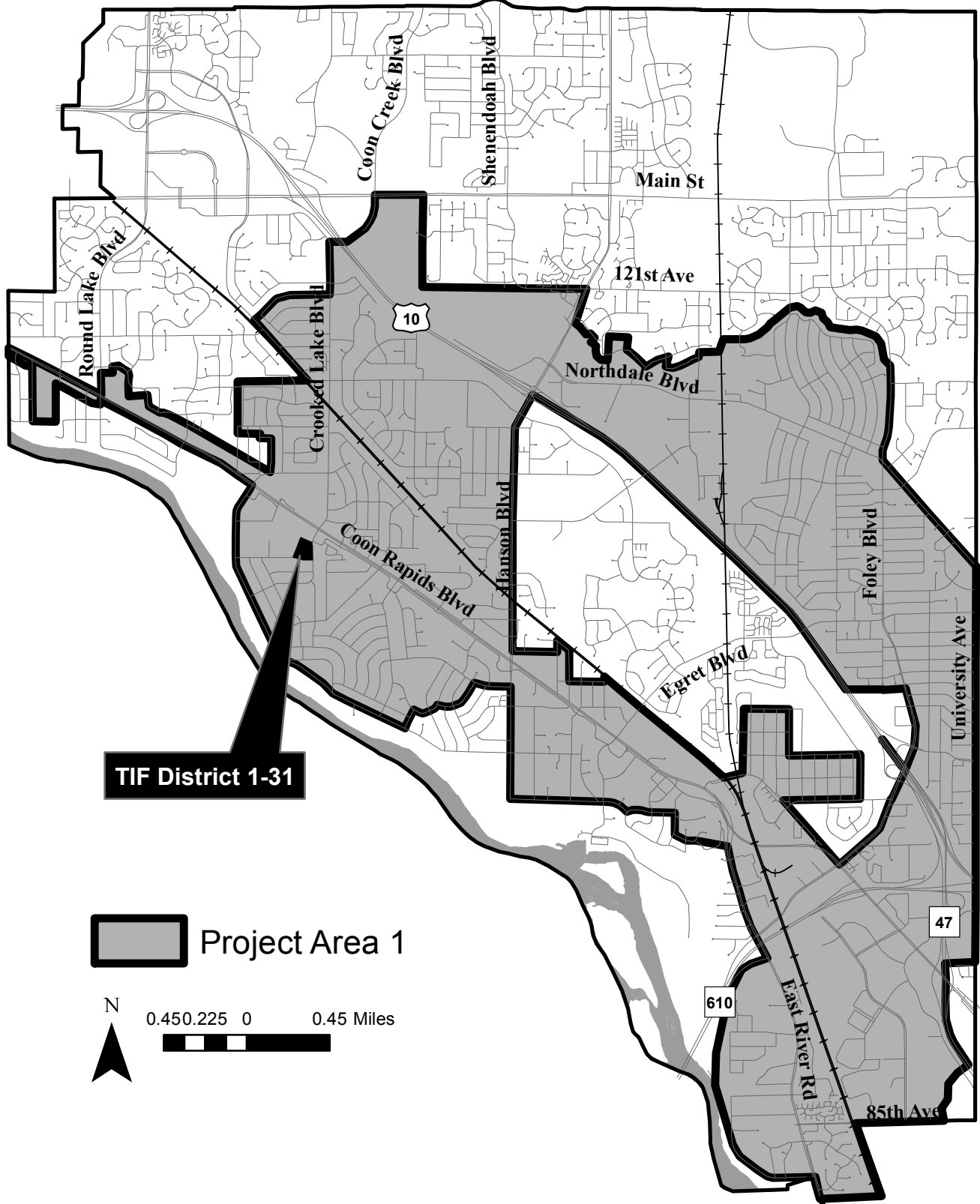
The Coon Rapids is establishing the District to provide an impetus for residential development and provide safe and decent life cycle housing in the City. The TIF Plan for the District was prepared by Ehlers & Associates, Inc., 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, telephone (651) 697-8500.

Appendix A

The proposed project consists of a 4-story, 166-unit rental building situated on approximately 4.5 acres in the city. The building will be oriented toward individuals age 55 and up and at least 40% of the units will be affordable to households at or below 60% of the area median income. The project will contain a mix of one and two bedroom units with both surface and underground parking for residents.

Appendix B

Map of Redevelopment Project Area No. 1 and the District



Appendix C

Description of Property to be Included in the District

The District encompasses all property and adjacent rights-of-way and abutting roadways identified by the parcels listed below.

<u>Parcel Numbers</u>	<u>Address</u>	<u>Owner</u>
16-31-24-34-0021	10920 Crooked Lake Blvd NW	Coon Rapids HRA
16-31-24-34-0022	10930 Crooked Lake Blvd NW	Szyplinski
16-31-24-34-0031*	11000 Crooked Lake Blvd NW	Coon Rapids EDA

* Project will only include 4.72 acres of the parcel.

Appendix D

Estimated Cash Flow for the District



Dominium

City of Coon Rapids

166 unit 55+ Affordable (100%) Senior Apartment

ASSUMPTIONS AND RATES

DistrictType: Housing

District Name/Number:

County District #:

First Year Construction or Inflation on Value

2015

Existing District - Specify No. Years Remaining

Inflation Rate - Every Year:

3.00%

Interest Rate:

6.00%

Present Value Date:

1-Feb-16

First Period Ending

1-Aug-16

Tax Year District was Certified:

Pay 2016

Cashflow Assumes First Tax Increment For Development:

2017

Years of Tax Increment

26

Assumes Last Year of Tax Increment

2042

Fiscal Disparities Election [Outside (A), Inside (B), or NA]

Inside(B)

Incremental or Total Fiscal Disparities

Incremental

Fiscal Disparities Contribution Ratio

35.5354% Pay 2015

Fiscal Disparities Metro-Wide Tax Rate

161.6250% Pay 2015

Maximum/Frozen Local Tax Rate:

112.222% Pay 2015

Current Local Tax Rate: (Use lesser of Current or Max.)

112.222% Pay 2015

State-wide Tax Rate (Comm./Ind. only used for total taxes)

50.8400% Pay 2015

Market Value Tax Rate (Used for total taxes)

0.21266% Pay 2015

Tax Rates

Exempt Class Rate (Exempt)	0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)	
First \$150,000	1.50%
Over \$150,000	2.00%
Commercial Industrial Class Rate (C/I)	2.00%
Rental Housing Class Rate (Rental)	1.25%
Affordable Rental Housing Class Rate (Aff. Rental)	
First \$100,000	0.75%
Over \$100,000	0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)	
First \$500,000	1.00%
Over \$500,000	1.25%
Homestead Residential Class Rate (Hmstd. Res.)	
First \$500,000	1.00%
Over \$500,000	1.25%
Agricultural Non-Homestead	1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map #	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
	16-31-24-34-0031	EDA		796,701	0	796,701	100%	796,701	Pay 2016	Exempt	-	Aff. Rental	5,975	
	16-31-24-34-0022	Szyplinski		46,000	127,500	173,500	100%	173,500	Pay 2016	Hmstd. Res.	1,735	Aff. Rental	1,301	
	16-31-24-34-0021	HRA		46,000	0	46,000	100%	46,000	Pay 2016	Exempt	-	Aff. Rental	345	
				888,701	127,500	1,016,201		1,016,201			1,735		7,622	

Note:

- Base values for parcels 0031 and 0021 are for pay 2016 based on a review of the county website on 3-6-15. The project will use 4.72 acres (205,866 sq. ft.) of parcel 16-31-24-34-0031. The value of parcel 16-31-24-34-0031 will be \$3.87 per sq. ft. (\$796,701) based on information provided by the city assessor.
- Properties will be combined through a platting process for the project



Dominium

City of Coon Rapids

166 unit 55+ Affordable (100%) Senior Apartment

PROJECT INFORMATION (Project Tax Capacity)												
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Percentage Completed 2015	Percentage Completed 2016	Percentage Completed 2017	Percentage Completed 2018	First Year Full Taxes Payable
	Residential	100,000	100,000	166	16,600,000	Aff. Rental	124,500	50%	100%	100%	100%	2018
TOTAL					16,600,000		124,500					

Note:

1. Market values are based upon estimates from city staff after discussions with the city assessor

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Residential	124,500	0	124,500	139,716	0	0	35,302	175,018	1,054.33
TOTAL	124,500	0	124,500	139,716	0	0	35,302	175,018	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.
2. Assumes certification in 2016. Tax rates may be lower for 2016 which would result in less tax increment.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	175,018
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(35,302)
less Base Value Taxes	(8,553)
Annual Gross TIF	131,163



Dominium
City of Coon Rapids
166 unit 55+ Affordable (100%) Senior Apartment

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
							-	-	-	-				08/01/16
														02/01/17
100%	62,250	(7,622)	-	54,628	112.222%	61,305	30,653	(110)	(3,054)	27,488	25,155	0.5	2017	08/01/17
							30,653	(110)	(3,054)	27,488	49,578	1	2017	02/01/18
100%	124,500	(7,622)	-	116,878	112.222%	131,163	65,582	(236)	(6,535)	58,811	100,309	1.5	2018	08/01/18
							65,582	(236)	(6,535)	58,811	149,562	2	2018	02/01/19
100%	128,235	(7,622)	-	120,613	112.222%	135,355	67,677	(244)	(6,743)	60,690	198,909	2.5	2019	08/01/19
							67,677	(244)	(6,743)	60,690	246,819	3	2019	02/01/20
100%	132,082	(7,622)	-	124,461	112.222%	139,672	69,836	(251)	(6,958)	62,626	294,817	3.5	2020	08/01/20
							69,836	(251)	(6,958)	62,626	341,416	4	2020	02/01/21
100%	136,045	(7,622)	-	128,423	112.222%	144,119	72,059	(259)	(7,180)	64,620	388,099	4.5	2021	08/01/21
							72,059	(259)	(7,180)	64,620	433,422	5	2021	02/01/22
100%	140,126	(7,622)	-	132,504	112.222%	148,699	74,350	(268)	(7,408)	66,674	478,824	5.5	2022	08/01/22
							74,350	(268)	(7,408)	66,674	522,903	6	2022	02/01/23
100%	144,330	(7,622)	-	136,708	112.222%	153,417	76,708	(276)	(7,643)	68,789	567,056	6.5	2023	08/01/23
							76,708	(276)	(7,643)	68,789	609,923	7	2023	02/01/24
100%	148,660	(7,622)	-	141,038	112.222%	158,276	79,138	(285)	(7,885)	70,968	652,860	7.5	2024	08/01/24
							79,138	(285)	(7,885)	70,968	694,546	8	2024	02/01/25
100%	153,119	(7,622)	-	145,498	112.222%	163,281	81,640	(294)	(8,135)	73,212	736,297	8.5	2025	08/01/25
							81,640	(294)	(8,135)	73,212	776,833	9	2025	02/01/26
100%	157,713	(7,622)	-	150,091	112.222%	168,436	84,218	(303)	(8,391)	75,523	817,430	9.5	2026	08/01/26
							84,218	(303)	(8,391)	75,523	856,845	10	2026	02/01/27
100%	162,444	(7,622)	-	154,823	112.222%	173,745	86,873	(313)	(8,656)	77,904	896,318	10.5	2027	08/01/27
							86,873	(313)	(8,656)	77,904	934,642	11	2027	02/01/28
100%	167,318	(7,622)	-	159,696	112.222%	179,214	89,607	(323)	(8,928)	80,356	973,020	11.5	2028	08/01/28
							89,607	(323)	(8,928)	80,356	1,010,281	12	2028	02/01/29
100%	172,337	(7,622)	-	164,716	112.222%	184,847	92,424	(333)	(9,209)	82,882	1,047,594	12.5	2029	08/01/29
							92,424	(333)	(9,209)	82,882	1,083,819	13	2029	02/01/30
100%	177,507	(7,622)	-	169,886	112.222%	190,649	95,325	(343)	(9,498)	85,483	1,120,094	13.5	2030	08/01/30
							95,325	(343)	(9,498)	85,483	1,155,312	14	2030	02/01/31
100%	182,832	(7,622)	-	175,211	112.222%	196,625	98,313	(354)	(9,796)	88,163	1,190,576	14.5	2031	08/01/31
							98,313	(354)	(9,796)	88,163	1,224,813	15	2031	02/01/32
100%	188,317	(7,622)	-	180,696	112.222%	202,781	101,390	(365)	(10,103)	90,923	1,259,093	15.5	2032	08/01/32
							101,390	(365)	(10,103)	90,923	1,292,375	16	2032	02/01/33
100%	193,967	(7,622)	-	186,345	112.222%	209,121	104,560	(376)	(10,418)	93,765	1,325,697	16.5	2033	08/01/33
							104,560	(376)	(10,418)	93,765	1,358,050	17	2033	02/01/34
100%	199,786	(7,622)	-	192,164	112.222%	215,651	107,825	(388)	(10,744)	96,693	1,390,440	17.5	2034	08/01/34
							107,825	(388)	(10,744)	96,693	1,421,888	18	2034	02/01/35
100%	205,780	(7,622)	-	198,158	112.222%	222,377	111,188	(400)	(11,079)	99,709	1,453,371	18.5	2035	08/01/35
							111,188	(400)	(11,079)	99,709	1,483,938	19	2035	02/01/36
100%	211,953	(7,622)	-	204,331	112.222%	229,305	114,652	(413)	(11,424)	102,816	1,514,539	19.5	2036	08/01/36
							114,652	(413)	(11,424)	102,816	1,544,248	20	2036	02/01/37
100%	218,312	(7,622)	-	210,690	112.222%	236,441	118,220	(426)	(11,779)	106,015	1,573,990	20.5	2037	08/01/37
							118,220	(426)	(11,779)	106,015	1,602,865	21	2037	02/01/38
100%	224,861	(7,622)	-	217,239	112.222%	243,790	121,895	(439)	(12,146)	109,311	1,631,771	21.5	2038	08/01/38
							121,895	(439)	(12,146)	109,311	1,659,835	22	2038	02/01/39
100%	231,607	(7,622)	-	223,985	112.222%	251,361	125,680	(452)	(12,523)	112,705	1,687,928	22.5	2039	08/01/39
							125,680	(452)	(12,523)	112,705	1,715,203	23	2039	02/01/40
100%	238,555	(7,622)	-	230,933	112.222%	259,158	129,579	(466)	(12,911)	116,201	1,742,504	23.5	2040	08/01/40
							129,579	(466)	(12,911)	116,201	1,769,011	24	2040	02/01/41
100%	245,712	(7,622)	-	238,090	112.222%	267,189	133,595	(481)	(13,311)	119,802	1,795,542	24.5	2041	08/01/41
							133,595	(481)	(13,311)	119,802	1,821,301	25	2041	02/01/42
100%	253,083	(7,622)	-	245,461	112.222%	275,462	137,731	(496)	(13,723)	123,511	1,847,084	25.5	2042	08/01/42
							137,731	(496)	(13,723)	123,511	1,872,117	26	2042	02/01/43
Total							4,941,437	(17,789)	(492,365)	4,431,283				
Present Value From 02/01/2016							2,087,645	(7,516)	(208,013)	1,872,117				

Appendix E

Housing Qualifications for the District

INCOME RESTRICTIONS - ADJUSTED FOR FAMILY SIZE (HOUSING DISTRICT) - ANOKA COUNTY METRO AREA MEDIAN INCOME: \$82,900		
No. of Persons	50% of Median Income	60% of Median Income
1-person	\$29,400	\$35,280
2-person	\$33,600	\$40,320
3-person	\$37,800	\$45,360
4-person	\$42,000	\$50,400

Source: Department of Housing and Urban Development and Minnesota Housing Finance Agency

The two options for income limits on a standard housing district are 20% of the units at 50% of median income or 40% of the units at 60% of median income. There are no rent restrictions for a housing district.

***PLEASE NOTE: THESE NUMBERS ARE ADJUSTED ANNUALLY. ALL INCOME FIGURES REPORTED ON THIS PAGE ARE FOR 2014. UPDATED NUMBERS FOR THE YEAR 2015 ARE NOT YET AVAILABLE.

Appendix F

Findings for the District

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 1-31, as required pursuant to Minnesota Statutes, Section 469.175, Subdivision 3 are as follows:

1. *Finding that Tax Increment Financing District No. 1-31 is a housing district as defined in M.S., Section 469.174, Subd. 11.*

TIF District No. 1-31 consists of 3 parcels. The development will consist of senior rental apartment housing. All or a portion of which will receive tax increment assistance and will meet income restrictions described in *M.S. 469.1761*. At least 40 percent of the units/homes receiving assistance will have incomes at or below 60 percent of area median income. Appendix E of the TIF Plan contains background for the above finding.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.*

The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the development proposed in this plan provides for housing that meets the City's objectives for development and redevelopment. Due to the high cost of building affordable new housing in the City and the cost of financing the proposed public improvements, this project is feasible only through assistance, in part, from tax increment financing. The developer was asked for and provided an application and a proforma as justification that the developer would not have gone forward without tax increment assistance.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan: The City reasonably determines that no other development of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

3. *Finding that the TIF Plan for Tax Increment Financing District No. 1-31 conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The Planning Commission reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Tax Increment Financing District No. 1-31 will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Redevelopment Project Area No. 1 by private enterprise.*

Through the implementation of the TIF Plan, the EDA or City will provide an impetus for residential development, which is desirable or necessary for increased population and an increased need for life-cycle housing within the City.

PURCHASE AND REDEVELOPMENT AGREEMENT

By and Between

**ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF COON
RAPIDS, MINNESOTA**

and

COON RAPIDS LEASED HOUSING ASSOCIATES IV, LLLP

Dated as of: April __, 2015

This document was drafted by:
KENNEDY & GRAVEN, Chartered (JSB)
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, Minnesota 55402
Telephone: 337-9300

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EXHIBIT G	Form of Deferred Loan Promissory Note
EXHIBIT H	Form of Deferred Loan Mortgage

(The remainder of this page is intentionally left blank.)

PURCHASE AND REDEVELOPMENT AGREEMENT

THIS AGREEMENT, made on or as of the ____ day of April, 2015, by and between the ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF COON RAPIDS, MINNESOTA, a public body corporate and politic established pursuant to Minnesota Statutes, Sections 469.090 to 469.1081 (the “EDA”), and COON RAPIDS LEASED HOUSING ASSOCIATES IV, LLLP, a Minnesota limited liability limited partnership (the “Redeveloper”).

WITNESSETH:

WHEREAS, the EDA was established by the City of Coon Rapids (the “City”) under Minnesota Statutes, Sections 460.090 to 469.1081 (the “EDA Act”), and has all the powers of a housing and redevelopment authority under Minnesota Statutes, Sections 469.001 to 469.047 (the “HRA Act”); and

WHEREAS, the EDA has undertaken a program to promote the redevelopment of land which is blighted and underutilized within the City, and in this connection created a redevelopment project known as the Redevelopment Project Area No. 1 (the “Redevelopment Project”) pursuant to the HRA Act; and

WHEREAS, pursuant to the HRA Act, the EDA is authorized to acquire real property, or interests therein, and to undertake certain activities to facilitate the redevelopment of real property by private enterprise; and

WHEREAS, the EDA has acquired certain property described in Exhibit B (the “EDA Property”) within the Redevelopment Project, and intends to convey a portion of the property (the “Redevelopment Property”) to the Redeveloper for development of certain improvements described herein; and

WHEREAS, the EDA and Redeveloper executed a Term Sheet dated as of February 17, 2015 (the “Term Sheet”) describing the general terms of a future development agreement regarding construction of the Minimum Improvements and the EDA’s financial assistance in such effort; and

WHEREAS, this Agreement is intended to replace and supersede the Term Sheet in all respects; and

WHEREAS, the EDA believes that the redevelopment of the Redevelopment Property pursuant to this Agreement, and fulfillment generally of this Agreement, are in the vital and best interests of the City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable State and local laws and requirements under which the Project has been undertaken and is being assisted.

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I

Definitions

Section 1.1. Definitions. In this Agreement, unless a different meaning clearly appears from the context:

“Affiliate” means with respect to any entity (a) any corporation, partnership, limited liability company or other business entity or person controlling, controlled by or under common control with the entity, and (b) any successor to such party by merger, acquisition, reorganization or similar transaction involving all or substantially all of the assets of such party (or such Affiliate). For the purpose hereof the words “controlling”, “controlled by” and “under common control with” shall mean, with respect to any corporation, partnership, limited liability company or other business entity, the ownership of 50% or more of the voting interests in such entity or possession, directly or indirectly, of the power to direct or cause the direction of management policies of such entity, whether through ownership of voting securities or by contract or otherwise.

“Agreement” means this Agreement, as the same may be from time to time modified, amended, or supplemented.

“Available Tax Increment” has the meaning provided in Section 4.2(c) hereof.

“Business Day” means any day except a Saturday, Sunday, legal holiday, a day on which the City is closed for business, or a day on which banking institutions in the City are authorized by law or executive order to close.

“Business Subsidy Act” means Minnesota Statutes, Sections 116J.993 to 116J.995, as amended.

“Certificate of Completion” means the certification provided to the Redeveloper pursuant to Section 5.4 of this Agreement.

“City” means the City of Coon Rapids, Minnesota.

“Closing” has the meaning provided in Section 3.3(c).

“Construction Plans” means the plans, specifications, drawings and related documents on the construction work to be performed by the Redeveloper on the Redevelopment Property (a) shall be as detailed as the plans, specifications, drawings and related documents which are submitted to the appropriate building officials of the City, and (b) shall include at least the following for each building: (1) site plan; (2) foundation plan; (3) underground parking plans; (4) floor plan for each floor; (5) cross sections of each (length and width); (6) elevations (all sides); (7) landscape plan; and (8) such other plans or supplements to the foregoing plans as the

EDA may reasonably request to allow it to ascertain the nature and quality of the proposed construction work.

“County” means the County of Anoka, Minnesota.

“Declaration” means the Declaration of Restrictive Covenants in substantially the form attached hereto as **Exhibit F**.

“Deferred Loan Promissory Note” means the Promissory Note from the Redeveloper in the form attached as **Exhibit G**.

“Deferred Loan Mortgage” means the Combination Mortgage, Security Agreement, and Fixture Financing Statement from the Redeveloper in the form attached as **Exhibit H**.

“EDA” means the Economic Development Authority in and for the City of Coon Rapids, Minnesota, or any successor or assign.

“EDA Act” means Minnesota Statutes, Sections 469.090 to 469.1081, as amended.

“EDA Property” means the property to be conveyed by the EDA to the Redeveloper, which consists of the Redevelopment Property set forth in **Exhibit B**.

“EDA Representative” means the Executive Director of the EDA, or any person designated by the Executive Director to act as the EDA Representative for the purposes of this Agreement.

“Event of Default” means an action by the Redeveloper listed in Article X of this Agreement.

“Holder” means the owner of a Mortgage.

“Housing Revenue Bonds” means housing revenue bonds or tax-exempt note(s) issued by the City under Chapter 462C in order to finance all or a portion of the Minimum Improvements, as further described in Section 8.1 hereof.

“HRA Act” means Minnesota Statutes, Sections 469.001 to 469.047, as amended.

“Low Income Housing Agreement” means either (i) a regulatory agreement in connection with the Housing Revenue Bonds that complies with Section 142 of the Code and related regulations, (ii) a Declaration of Land Use Restrictive Covenants for Low Income Housing Tax Credits to be made by the Redeveloper in favor of the Minnesota Housing Finance Agency in a form that complies in all respects with Section 42 of the Code and related regulations, or (iii) a restrictive covenant in some other form reasonably acceptable to the EDA that embodies the affordability covenants described in Section 4.2 in connection with the Redevelopment Property.

“Minimum Improvements” means the construction on the Redevelopment Property of an approximately 165-unit senior rental housing facility.

“Mortgage” means any mortgage made by the Redeveloper that is secured, in whole or in part, with the Redevelopment Property and that is a permitted encumbrance pursuant to the provisions of Article VIII of this Agreement.

“Plat” has the meaning provided in Section 3.1(c) hereof.

“Qualified Costs” has the meaning provided in Section 4.2(d).

“Redeveloper” means Coon Rapids Leased Housing Associates IV, LLLP or its permitted successors and assigns.

“Redevelopment Plan” means the EDA’s Redevelopment Plan for the Redevelopment Project, as in effect on the date of this Agreement.

“Redevelopment Project” means the EDA’s Redevelopment Project No. 1.

“Redevelopment Property” means the real property so described in Exhibit A of this Agreement.

“TIF Note” means the Taxable Tax Increment Revenue Note (Coon Rapids Leased Housing Associates IV Senior Housing Project), to be issued by the EDA to Redeveloper in accordance with Section 4.2 hereof.

“State” means the State of Minnesota.

“Tax Increment” means that portion of the real property taxes which is paid with respect to the TIF District, and which is remitted to the EDA as tax increment pursuant to the TIF Act. The term Tax Increment does not include any amounts retained by or payable to the State auditor under Section 469.177, subd. 11 of the TIF Act, or any amounts described in Section 469.174, subd. 25, clauses (2) through (4) of the TIF Act.

“Tax Official” means any County assessor; County auditor; County or State board of equalization, the commissioner of revenue of the State, or any State or federal district court, the tax court of the State, or the State Supreme Court.

“Termination Date” has the meaning provided in Section 11.11 hereof.

“TIF Act” means the Tax Increment Financing Act, Minnesota Statutes, Sections 469.174 to 469.1794, as amended.

“TIF District” means the EDA’s Tax Increment Financing District No. 1-31.

“TIF Plan” means the EDA’s Tax Increment Financing Plan for the TIF District, as originally approved by the City Council and EDA Board on March 18, 2015, and as it may be further amended.

“Unavoidable Delays” means delays beyond the reasonable control of the party seeking to be excused as a result thereof which are the direct result of war, terrorism, strikes, other labor troubles, prolonged adverse weather or acts of God, fire or other casualty to the Minimum Improvements, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, or acts of any federal, state or local governmental unit (other than the EDA in exercising its rights under this Agreement), which directly result in delays. Unavoidable Delays shall not include delays in the Redeveloper’s obtaining of permits or governmental approvals necessary to enable construction of the Minimum Improvements by the dates such approval and construction is required under Sections 5.2 and 5.3 of this Agreement, so long as the Construction Plans have been approved in accordance with Section 5.2 hereof.

ARTICLE II

Representations and Warranties

Section 2.1. Representations by the EDA. The EDA makes the following representations as the basis for the undertaking on its part herein contained:

(a) The EDA is an economic development authority duly organized and existing under the laws of the State. Under the provisions of the EDA Act and the HRA Act, the EDA has the power to enter into this Agreement and carry out its obligations hereunder.

(b) The activities of the EDA are undertaken to foster the redevelopment of certain real property, to provide decent, safe and sanitary housing for residents in the City, and to create increased tax base in the Project and the City as a whole.

Section 2.2. Representations and Warranties by the Redeveloper. The Redeveloper represents and warrants that:

(a) The Redeveloper is a limited liability limited partnership duly organized and in good standing under the laws of the State, is not in violation of any provisions of its partnership agreement or the laws of the State, is duly authorized to transact business within the State, has power to enter into this Agreement and has duly authorized the execution, delivery and performance of this Agreement by proper action of its general partner.

(b) If the Redeveloper acquires the Redevelopment Property in accordance with this Agreement, the Redeveloper will construct, operate and maintain the Minimum Improvements in accordance with the terms of this Agreement, the Redevelopment Plan and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, building code, energy-conservation and public health laws and regulations).

(c) The Redeveloper has received no notice or communication from any local, state or federal official that the activities of the Redeveloper or the EDA in the Project Area may be or will be in violation of any environmental law or regulation (other than those notices or communications of which the EDA is aware). The Redeveloper is aware of no facts the existence of which would cause it to be in violation of or give any person a valid claim under any local, state or federal environmental law, regulation or review procedure.

(d) The Redeveloper will obtain, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed.

(e) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of,

the terms, conditions or provisions of any partnership or company restriction or any evidences of indebtedness, agreement or instrument of whatever nature to which the Redeveloper is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(f) The proposed development by the Redeveloper hereunder would not occur but for the financial assistance being provided by the EDA hereunder.

(g) The Redeveloper shall promptly advise the EDA in writing of all litigation or claims affecting any part of the Minimum Improvements and all written complaints and charges made by any governmental authority, other than the EDA, materially affecting the Minimum Improvements or materially affecting Redeveloper or its business, which may delay or require changes in construction of the Minimum Improvements.

(h) The Redeveloper has made its own projections of Tax Increments and revenues to be generated from the Minimum Improvements and of the Redeveloper's returns on cost or investment and the Redeveloper has not relied on any assumptions, calculations, determinations or conclusions made by the City, the EDA, their governing body members, officers or agents, including the independent contractors, consultants and legal counsel, servants and employees thereof, with respect to the foregoing or in determining to proceed with the Minimum Improvements.

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ARTICLE III

Acquisition and Conveyance of Property

Section 3.1. Acquisition and Conveyance of EDA Property.

- (a) As of the date of this Agreement, the EDA has acquired the EDA Property.
- (b) On or before the date of Closing, the Redeveloper will acquire Lot 12, Robinwood, Anoka County, Minnesota, according to the recorded plat thereof ("Lot 12") and acknowledges that the EDA has no interest in or intent to acquire any interest in Lot 12.
- (c) The parties agree and understand that prior to Closing, the Redeveloper shall initiate a plat of the EDA Property and Lot 12 to create the Redevelopment Property (the "Plat"). The EDA will reasonably cooperate with such efforts, including without limitation execution of consents or other documents necessary to file the Plat, and fulfilling the obligations of the EDA pursuant to the agreement previously entered into by and between Loucks Associates and the EDA with regard to the Plat; provided however, such cooperation shall not be considered approval or consent by the City, which consent must be obtained pursuant to City ordinances and policies. The Redeveloper shall file the Plat immediately after the date of Closing.

Section 3.2. Purchase Price; Provisions for Payment. The purchase price to be paid to the EDA by the Redeveloper in exchange for the conveyance of the EDA Property is \$600,000. The purchase price shall be payable by the Redeveloper in cash or certified check at Closing.

Section 3.3. Conditions of Conveyance. (a) *Generally.* The EDA shall convey title to and possession of the EDA Property to the Redeveloper by quit claim deed substantially in the form of the deed attached as **Exhibit C** to this Agreement (the "Deed"). The EDA's obligation to convey the Redevelopment Property to the Redeveloper and the Redeveloper's obligations under this Agreement are subject to and contingent upon satisfaction of the following terms and conditions:

- (1) The EDA having approved Construction Plans for the Minimum Improvements in accordance with Section 5.2.
- (2) The Redeveloper having closed on the Housing Revenue Bonds; and if any other form of financing is used (either instead of or in combination with Housing Revenue Bonds) Redeveloper having provided reasonable evidence that it has closed on such financing in accordance with Article VIII hereof.
- (3) The Redeveloper having delivered to the EDA the Declaration in accordance with Section 5.6 hereof.
- (4) The Redeveloper having received approval by the City and by all governmental agencies from which approval must be obtained for the redevelopment of the Redevelopment Property and construction of the Minimum Improvements, including without limitation approval by the City of the Plat, site plans, building plans, construction

permit, and any other reasonable City approvals, all to the extent so required under City ordinances.

(5) The Redeveloper having reviewed and approved (or waived objections to) title to the Redevelopment Property as set forth in Section 3.5.

(6) The Redeveloper having reviewed and approved (or waived objections to) soil and environmental conditions as set forth in Section 3.6.

(7) In addition to all amounts due to the City in connection with construction of the Minimum Improvements, including without limitation park dedication and SAC and WAC fees, the Redeveloper having paid to the EDA the Purchase Price and a property redevelopment fee of \$500,000.

(8) There is no uncured Event of Default under this Agreement.

(9) That the Redeveloper is satisfied that the Redevelopment Property is zoned in a manner that permits the Redeveloper's intended use of such property.

(10) The EDA having fulfilled its obligations and the Redeveloper having been satisfied with (or having waived its objections), with regard to curing the Initial Objections in accordance with Section 3.8 hereof.

(b) *Exercise and waiver of conditions.* Conditions (3) and (7) are solely for the benefit of the EDA and may be waived by the EDA. Conditions (5) through (6) and (9) through (10) are solely for the benefit of the Redeveloper and may be waived by the Redeveloper. Conditions (1), (2), (4) and (8) are for the benefit of both parties and may be exercised by either party, but none of those conditions may be waived by one party without the written consent of the other; that is each party may exercise any of these contingencies to bar Closing if not timely satisfied, but neither party may unilaterally waive these contingencies and require Closing if the contingencies have not been timely satisfied.

All conditions must be satisfied or waived on or before the Closing stated in paragraph (c) below. If any of such conditions have not been satisfied or waived not less than 15 business days prior to the Outside Closing Date stated in paragraph (c) below, then this Agreement may be terminated, at the benefitted party's option, by written notice from that party to the other. Such notice of termination must be given no later than three (3) business days after the applicable date. Upon such termination, this Agreement shall become null and void and neither party will have any further rights or obligations under this Agreement. Should a party fail to give notice of termination no later than three (3) business days after the applicable date with respect to any of contingencies benefitting that party, the contingency in question shall be conclusively deemed to have been waived by that party. Waiver of any condition (to the extent permitted under this paragraph) must be in writing delivered by the waiving party to the other party.

(c) The closing on conveyance of the Redevelopment Property from the EDA to the Redeveloper (the "Closing") shall occur within 15 business days after satisfaction of the conditions specified in this Section 3, but no later than September 30, 2015.

Section 3.4. Place of Document Execution, Delivery and Recording, Costs. (a) Unless otherwise mutually agreed by the EDA and the Redeveloper, the execution and delivery of all deeds, documents and the payment of any purchase price shall be made at the offices of the title company selected by Redeveloper or such other location to which the parties may agree.

(b) The Deed shall be in recordable form and shall be promptly recorded in the proper office for the recordation of deeds and other instruments pertaining to the Redevelopment Property. At Closing, the Redeveloper shall pay: all recording costs, including state deed tax, in connection with the conveyance of the EDA Property; title insurance commitment fees and premiums, if any; and title company closing fees, if any. The EDA shall pay costs of recording any instruments used to clear title encumbrances; and any special assessments outstanding or levied against the EDA Property as of the Closing Date. The parties agree and understand that the EDA Property is exempt from property taxes in 2015, and is expected to be exempt for taxes payable in 2016.

Section 3.5. Title. (a) As soon as practicable after the date of this Agreement, the Redeveloper, at Redeveloper's sole expense, shall obtain a commitment for the issuance of a policy of title for the EDA Property. The Redeveloper shall have 20 days from the date of its receipt of such commitment to review the state of title to the EDA Property and to provide the EDA with a list of written objections to such title. Upon receipt of the Redeveloper's list of written objections ("Objections"), the EDA shall proceed in good faith and with all due diligence to attempt to cure the Objections made by the Redeveloper. In the event that the EDA has failed to cure objections within thirty (30) days after its receipt of the Redeveloper's list of such Objections, the Redeveloper may by the giving of written notice to the EDA (i) terminate this Agreement, upon the receipt of which this Agreement shall be null and void and neither party shall have any liability hereunder, other than Redeveloper's obligations under Section 9.3 hereof; or (ii) waive the objections and proceed to Closing. The EDA shall have no obligation to take any action to clear defects in the title to the EDA Property, other than the good faith efforts described above.

(b) The EDA shall take no actions to encumber title to the Redevelopment Property between the date of this Agreement and the time the deed is delivered to Redeveloper.

(c) The Redeveloper shall take no actions to encumber title to the Redevelopment Property between the date of this Agreement and the time the deed is delivered to the Redeveloper. The Redeveloper expressly agrees that it will not cause or permit the attachment of any mechanics, attorneys, or other liens to the Redevelopment Property prior to Closing. Notwithstanding termination of this Agreement prior to Closing, Redeveloper is obligated to pay all costs to discharge any encumbrances to the Redevelopment Property attributable to actions of Redeveloper, its employees, officers, agents or consultants, including without limitation any architect, contractor and or engineer.

Section 3.6. Soils, Environmental Conditions. (a) The EDA hereby permits Redeveloper and Redeveloper's agents and consultants to enter upon the Redevelopment Property for the purpose of performing environmental and geotechnical testing. If, within the time periods stated in Section 3.3 with respect to condition (6), the Redeveloper determines that hazardous waste or other pollutants as defined under federal and state law exist on the property, or that the soils are otherwise unsuitable for construction of the Minimum Improvements, the Redeveloper may at its option terminate this Agreement by giving written notice to the EDA, upon receipt of which this Agreement shall be null and void and neither party shall have any liability hereunder.

(b) The Redeveloper acknowledges that the EDA makes no representations or warranties as to the condition of the soils on the Redevelopment Property or its fitness for construction of the Minimum Improvements or any other purpose for which the Redeveloper may make use of such property.

(c) After Closing and without limiting its obligations under Section 9.3 of this Agreement, the Redeveloper further agrees that it will indemnify, defend, and hold harmless the EDA, the City, and their governing body members, officers, and employees, from any claims or actions arising out of the presence, if any, of hazardous wastes or pollutants existing on or in the Redevelopment Property. Nothing in this section will be construed to limit or affect any limitations on liability of the City or EDA under State or federal law, including without limitation Minnesota Statutes Sections 466.04 and 604.02.

Section 3.7. Revesting Title in EDA Upon Happening of Event Subsequent to Conveyance to Redeveloper. The EDA's conveyance of the EDA Parcel to the Redeveloper pursuant to the Deed will be made subject to a right of re-entry for breach of conditions subsequent in favor of the EDA. The condition subsequent is that, barring any Unavoidable Delays, the Redeveloper shall commence construction of improvements on the EDA Property in accordance with an approved site plan beyond the point of site preparation within 12 months of the Closing. For purposes of this Section 3.7, the term "commence" means the making of visible improvements, including without limitation subsurface excavation but excluding mere surface grading. If the Redeveloper breaches such condition subsequent, the Redeveloper shall re-convey the EDA Property to the EDA. If the Redeveloper fails to re-convey the EDA Property to the EDA, the EDA may elect to exercise its right of re-entry by commencing an action in Anoka County District Court to establish the breach of the condition subsequent. If the EDA establishes a breach of the condition subsequent, title to and the right to possession of the EDA Property and title to all improvements located thereon reverts to the EDA, and the Redeveloper is not entitled to any compensation from the EDA or the City for the value of any improvements the Redeveloper has made to the EDA Parcel. The Redeveloper shall notify the EDA when the construction in accordance with an approved site plan on the EDA Property has commenced beyond the point of site preparation. Notwithstanding anything to the contrary herein, in the event the EDA Property has been replatted pursuant to the Plat as of the date of the EDA's exercise of its rights under this Section, Redeveloper will cooperate with the EDA in obtaining any subdivision necessary to re-vest in the EDA title to the EDA Property.

Section 3.8. Initial Objections. The obligations of the Redeveloper hereunder shall be contingent upon the EDA taking the following actions, or resolving the following matters, as

applicable, prior to Closing, in a manner satisfactory to Redeveloper in its sole discretion (collectively, the “Initial Objections”):

- (a) The EDA shall cooperate with the filing of the Plat as required pursuant to Section 3.1(c), including without limitation obtaining a vacation by the City of a portion of the Crooked Lake Boulevard NW right of way, as set forth on the Plat.
- (b) The EDA shall grant and/or obtain from the City an easement for ingress and egress purposes over Outlot C of the Plat for the benefit of the Redevelopment Property (the “Access Easement”), in form and content satisfactory to Redeveloper. The Access Easement shall provide for maintenance of the easement area by and at the expense of the City.
- (c) The EDA and Redeveloper shall coordinate with the applicable utility to allow the Redeveloper to cause the natural gas line and related facilities under the EDA Property to be rerouted, at the Redeveloper’s expense, off the EDA Property and allow the EDA Property to access natural gas via said facilities.
- (d) The EDA and Redeveloper shall have agreed to the form a Cross-Use Agreement governing the use and maintenance of shared drainage facilities on the westerly boundary of the Redevelopment, which shall be recorded at Closing.
- (e) The EDA shall cause the ingress and egress easement granted pursuant to the Agreement between Target Stores, Inc. and Oakridge Mortgage and Contract Corporation dated August 26, 1971 and filed in the Office of the Recorder of Anoka County, Minnesota on August 30, 1971 as Document No. 354840, to be released and reconveyed of record.
- (f) The EDA shall cause the Reciprocal Easement Agreement between Dayton-Hudson Corporation d/b/a Target Stores and Ryan Construction Company of Minnesota, Inc. dated August 31, 1979 and filed in the Office of the Recorder of Anoka County, Minnesota on September 21, 1979 as Document No. 535096, to be released and reconveyed of record, at least with respect to the Redevelopment Property.
- (g) The EDA shall cause the Lease evidenced by the Memorandum of Lease between the EDA and the City dated August 1, 2010 and filed in the Office of the Recorder of Anoka County, Minnesota on August 18, 2010 as Document No. 2016931.001, to be amended to release and exclude the Redevelopment Property, or to be terminated, and an amendment or termination of the Memorandum of Lease to be filed of record.
- (h) The EDA shall, at its option, terminate the easements created by the following documents and cause the same to be released and reconveyed of record, or cause the location of such easements to be moved or reduced so as not to encroach upon the Redevelopment Property:

- a. Access Easement Agreement dated January 15, 1987 and filed in the Office of the Recorder of Anoka County, Minnesota on January 27, 1987 as Document No. 743725 and on March 9, 1987 as Document No. 749036.
- b. Access Easement Agreement dated May 15, 1987 and filed in the Office of the Recorder of Anoka County, Minnesota on June 12, 1987 as Document No. 764463.

The EDA and the Redeveloper agree to cooperate reasonably in curing the Initial Objections

ARTICLE IV

Tax Increment Assistance; Deferred Loan

Section 4.1. Deferred Loan. (a) In order to make development of the Minimum Improvements financially feasible, the EDA will lend the Redeveloper \$300,000 for the cost of the acquisition of Lot 12 of the Redevelopment Property paid by Redeveloper. The EDA will use proceeds of an interfund loan from the Housing and Redevelopment Authority of the City of Coon Rapids, Minnesota to the EDA for such purposes. The EDA shall reimburse Redeveloper under this Section upon receipt of a closing statement from the Redeveloper evidencing the payment by the Redeveloper of the purchase price of Lot 12 of the Redevelopment Property and satisfaction of the following conditions:

(i) the Redeveloper has met the conditions for Closing on the EDA Property as set forth in Section 3.3;

(ii) the Redeveloper has closed on the acquisition of the Lot 12 of the Redevelopment Property;

(iii) the Redeveloper has delivered the Deferred Loan Promissory Note in substantially the form attached as **Exhibit G**;

(iv) the Redeveloper has delivered the Deferred Loan Mortgage in substantially the form attached as **Exhibit H**;

(v) the Redeveloper has delivered to the EDA copies of the (I) partnership agreement, of the Redeveloper, (II) certificate of good standing for Redeveloper issued by the Minnesota Secretary of State; and (III) certified resolutions of Redeveloper's general partner authorizing the execution and delivery of this Agreement, the Deferred Loan Promissory Note, the Deferred Loan Mortgage and all other documents to be executed by Redeveloper pursuant to this Agreement.

(b) The Redeveloper shall repay the Deferred Loan in accordance with the terms set forth in the Deferred Loan Promissory Note.

Section 4.2. Issuance of TIF Note. (a) *Generally.* As additional assistance reasonably required to make development of the Minimum Improvements financially feasible, the EDA shall issue to the Redeveloper a Taxable Tax Increment Revenue Note (Coon Rapids Leased Housing Associates IV Senior Housing Project) (the "TIF Note") in the principal amount of \$1,550,000, bearing simple, non-compounding interest at a rate per annum equal to lesser of the effective rate per annum as set forth in the Housing Revenue Bonds or 6.0% per annum. The terms of the TIF Note, including maturity and payment dates will be substantially those set forth in the form of the TIF Note shown in **Exhibit D**.

(b) *Conditions for Delivery of Note.* The TIF Note will be delivered and dated as of the date the EDA receives and approves the Redeveloper certification of Qualified Costs under

paragraph (d) of this Section, in consideration for, and as reimbursement of, Redeveloper's expenditure of Qualified Costs in at least the principal amount of the TIF Note.

(c) *Available Tax Increment.* The TIF Note will be payable solely from and to the extent of Available Tax Increment. The term "Available Tax Increment" means, on any Payment Date (as defined in the TIF Note), 90% of the Tax Increment from the TIF District received by the EDA in the six months before that Payment Date.

(d) *Qualified Costs.* Prior to delivery of the TIF Note, the Redeveloper shall deliver to the EDA certification that Redeveloper has incurred and paid costs of the acquisition of the EDA Property and the construction of the Minimum Improvements ("Qualified Costs") in at least the principal amount of the TIF Note, together with reasonable evidence supporting that certification. Evidence of Qualified Costs must include, at a minimum, paid invoices describing the costs incurred and paid.

(f) *Qualifications.* The Redeveloper understands and acknowledges that the EDA makes no representations or warranties regarding the amount of Available Tax Increment, or that revenues pledged to the TIF Note will be sufficient to pay the principal amount of the TIF Note. Redeveloper expressly acknowledges that:

(i) Available Tax Increment is payable solely from the TIF District.

(ii) estimates of Tax Increment prepared by the EDA or its financial advisors in connection with the TIF District or this Agreement are for the benefit of the EDA, and are not intended as representations on which the Redeveloper may rely; and

(iii) if the cost of acquisition of the Redevelopment Property and the Minimum Improvements exceeds the principal amount of the TIF Note, such excess is the sole responsibility of Redeveloper.

(g) *EDA Representations and Covenants Regarding Available Tax Increment.*

(ii) The EDA will take no actions to impair collection of Tax Increment from the TIF District.

(iii) The TIF District was duly created in accordance with the TIF Act

Section 4.3. Payment of Administrative Costs. The Redeveloper will reimburse the EDA for all out-of-pocket costs incurred by the EDA in connection with review and analysis of the development proposed under this Agreement, any modification of the TIF Plan for the TIF District determined by the EDA to be necessary in order to pledge Tax Increment to the TIF Note; and negotiation of this Agreement and any related agreements and documents (collectively, the "Administrative Costs"). Administrative Costs include fees paid to attorneys, the EDA's financial advisor, and any planning and engineering consultants retained by the EDA or City in connection with the construction of the Minimum Improvements. As security for Administrative Costs, Redeveloper deposited with the EDA the amount of \$12,000, and the EDA

shall pay Administrative Costs from such fund. As security for the EDA's legal costs, Redeveloper has deposited with the EDA an additional amount of \$10,000, and the EDA shall pay its legal costs from such fund. If total Administrative Costs and legal costs exceed \$22,000, Redeveloper remains responsible for such excess, and must pay such costs to the EDA within 10 days after receipt of a written invoice from the EDA describing the amount and nature of the costs to be reimbursed. After the TIF Note has been issued and the Certificate of Completion has been executed and delivered, and all Administrative Costs and legal costs related to such actions have been paid, the EDA will refund to the Redeveloper any portion of the balance from the \$22,000 deposits (if any) that is not needed to cover such costs through such reimbursement date. Notwithstanding anything to the contrary herein, Redeveloper remains obligated to pay later Administrative Costs, including the costs of any amendments to this Agreement or to the TIF Note.

Section 4.4. Records. The EDA and its representatives shall have the right at all reasonable times after reasonable notice to inspect, examine and copy all books and records of Redeveloper relating to the Minimum Improvements.

Section 4.5. Exemption from Business Subsidy Act. The parties agree and understand that all financial assistance to Redeveloper under in this Agreement represents assistance for housing, and accordingly is not subject to the Business Subsidy Act.

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ARTICLE V

Construction of Minimum Improvements; Related Covenants

Section 5.1. Construction of Minimum Improvements. The Redeveloper agrees that it will construct the Minimum Improvements on the Redevelopment Property in accordance with the approved Construction Plans and will operate and maintain, preserve and keep the Minimum Improvements or cause the Minimum Improvements to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair and condition.

Section 5.2. Construction Plans. (a) Before Closing on conveyance of the EDA Property under Article III, the Redeveloper shall submit to the EDA completed Construction Plans. The Construction Plans shall provide for the construction of the Minimum Improvements and shall be in conformity with the Redevelopment Plan, this Agreement, and all applicable State and local laws and regulations. The EDA will approve the Construction Plans in writing if: (i) the Construction Plans conform to the terms and conditions of this Agreement; (ii) the Construction Plans conform to the goals and objectives of the Redevelopment Plan; (iii) the Construction Plans meet the requirements for site plan and building review under the City Code; and (iv) no uncured Event of Default has occurred. No approval by the EDA shall relieve the Redeveloper of the obligation to comply with the terms of this Agreement or of the Redevelopment Plan, provided the EDA's approval of the Construction Plans shall establish the Construction Plans comply with the Redevelopment Plan at the time of approval, applicable federal, state and local laws, ordinances, rules and regulations, or to construct the Minimum Improvements in accordance therewith. No approval by the EDA shall constitute a waiver of an Event of Default or waiver of any State or City building or other code requirements that may apply. If approval of the Construction Plans is requested by the Redeveloper in writing at the time of submission, such Construction Plans shall be deemed approved unless rejected in writing by the EDA, in whole or in part within the time period stated in the next sentence. Such rejections shall set forth in detail the reasons therefore, and shall be made within 30 days after the date of their receipt by the EDA. If the EDA rejects any Construction Plans in whole or in part, the Redeveloper shall submit new or corrected Construction Plans within 30 days after written notification to the Redeveloper of the rejection. The provisions of this Section relating to approval, rejection and resubmission of corrected Construction Plans shall continue to apply until the Construction Plans have been approved by the EDA. The EDA's approval shall not be unreasonably withheld. Said approval shall constitute a conclusive determination that the Construction Plans (and the Minimum Improvements, constructed in accordance with said plans) comply to the EDA's satisfaction with the provisions of this Agreement relating thereto but any approvals by the EDA hereunder will not constitute approval by any City officials regarding any City requirement related to construction of the Minimum Improvements.

The Redeveloper hereby waives any and all claims and causes of action whatsoever resulting from the review of the Construction Plans by the EDA and/or any changes in the Construction Plans requested by the EDA, provided the EDA shall be bound by its approval of the Construction Plans under the preceding paragraph. Neither the EDA, the City, nor any employee or official of the EDA or City shall be responsible in any manner whatsoever for any

defect in the Construction Plans or in any work done pursuant to the Construction Plans, including changes requested by the EDA.

(b) If the Redeveloper desires to make any material change in the Construction Plans after their approval by the EDA, the Redeveloper shall submit the proposed change to the EDA for its approval. If the Construction Plans, as modified by the proposed change, conform to the requirements of this Section 5.2 of this Agreement with respect to such previously approved Construction Plans, the EDA shall approve the proposed change and notify the Redeveloper in writing of its approval. Such change in the Construction Plans shall, in any event, be deemed approved by the EDA unless rejected, in whole or in part, by written notice by the EDA to the Redeveloper within the time period stated in the next sentence, setting forth in detail the reasons therefor. Such rejection shall be made as soon as reasonably practicable but in any event within 30 days after receipt of the notice of such change. The EDA's approval of any such change in the Construction Plans will not be unreasonably withheld. Nothing in this paragraph will relieve the Redeveloper of the obligation to comply with any City ordinances or procedures regarding changes in Construction Plans, and any approvals by the EDA hereunder will not constitute approval by any City officials regarding any City requirement related to construction of the Minimum Improvements. Notwithstanding the foregoing, a change in the Construction Plans shall not be deemed to be material unless the change order reflecting such change(s) results in a change of greater than \$250,000.

Section 5.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Redeveloper must commence construction of the Minimum Improvements within 120 days after Closing, and must substantially complete construction of the Minimum Improvements by December 31, 2016. All work with respect to the Minimum Improvements to be constructed or provided by the Redeveloper on the Redevelopment Property shall be in conformity with the Construction Plans as submitted by the Redeveloper and approved by the EDA.

The Redeveloper agrees for itself, its successors and assigns, and every successor in interest to the Redevelopment Property, or any part thereof, that the Redeveloper, and such successors and assigns, shall promptly begin and diligently prosecute to completion the redevelopment of the Redevelopment Property through the construction of the Minimum Improvements thereon, and that such construction shall in any event be commenced and completed within the period specified in this Section 5.3 of this Agreement. Subsequent to conveyance of the EDA Property, or any part thereof, to the Redeveloper, and until construction of the Minimum Improvements has been completed, the Redeveloper shall make reports, in such detail and at such times as may reasonably be requested by the EDA, as to the actual progress of the Redeveloper with respect to such construction.

Section 5.4. Certificate of Completion. (a) Promptly after substantial completion of the Minimum Improvements in accordance with those provisions of the Agreement relating solely to the obligations of the Redeveloper to construct the Minimum Improvements (including the dates for beginning and completion thereof), and compliance with Section 5.6 hereof, the EDA will furnish the Redeveloper with a Certificate of Completion in substantially the form provided in **Exhibit E**. Such certification by the EDA shall be (and it shall be so provided in the deed and in

the certification itself) a conclusive determination of satisfaction and termination of the agreements and covenants in the Agreement and in the deed with respect to the obligations of the Redeveloper, and its successors and assigns, to construct the Minimum Improvements and the dates for the beginning and completion thereof. Such certification and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of the Redeveloper to any Holder of a Mortgage, or any insurer of a Mortgage, securing money loaned to finance the Minimum Improvements, or any part thereof.

(b) The certificate provided for in this Section 5.4 of this Agreement shall be in such form as will enable it to be recorded in the proper office for the recordation of deeds and other instruments pertaining to the Redevelopment Property. If the EDA shall refuse or fail to provide any certification in accordance with the provisions of this Section 5.4 of this Agreement, the EDA shall, within 30 days after written request by the Redeveloper, provide the Redeveloper with a written statement, indicating in adequate detail in what respects the Redeveloper has failed to complete the Minimum Improvements in accordance with the provisions of the Agreement, or is otherwise in default, and what measures or acts it will be necessary, in the opinion of the EDA, for the Redeveloper to take or perform in order to obtain such certification.

(c) The construction of the Minimum Improvements shall be deemed to be substantially completed when the Redeveloper has received a certificate of occupancy issued by the City for City for all units in the Minimum Improvements.

Section 5.5. Redeveloper Affordability Covenant. The Redeveloper shall at times prior to the Termination Date comply with the following affordability covenants:

(a) At least 40% of the units in the Minimum Improvements shall be occupied or held for occupancy by persons with incomes no greater than 60% of area-wide median income.

(b) Prior to the EDA making any payment on the TIF Note, the Redeveloper shall execute and record against the Redevelopment Property a Low-Income Housing Agreement. All covenants and obligations of the Redeveloper under such agreement shall be deemed incorporated in this Agreement for the benefit of the EDA.

(c) All notices and periodic reports required to be delivered under the Low Income Housing Agreement shall be delivered to the EDA in addition to any person or entity entitled to receive such documents under the Low Income Housing Agreement. In any event, Redeveloper shall file reports evidencing compliance with this Section at least annually, but no later than July 1 for the prior calendar year. Such reports shall demonstrate compliance with the 60% limit under paragraph (a), regardless of which units or how many units are eligible for Section 42 tax credits.

(d) For purposes of this Section, income will be determined in accordance with the rules that apply under Section 142 of the Code and related regulations.

Section 5.6. Restrictive Covenants Regarding Senior Occupancy and Management. Upon or prior to Closing, the Redeveloper shall deliver a Declaration of Restrictive Covenants

(the “Declaration”) in substantially the form attached as **Exhibit F**, which Declaration requires that the Minimum Improvements meet certain senior occupancy and management requirements for the time period, and subject to the terms and conditions, set forth in the Declaration.

Section 5.7. Marketing to City Residents. Prior to issuance of the Certificate of Completion for the Minimum Improvements, the Redeveloper shall file with the EDA a plan for marketing of units in the Minimum Improvements to current residents in the City for at least 90 days before marketing to the broader community. Further, within six months after the date by which at least 90% of the units in the Minimum Improvements have been leased, or within one year after completion of the Minimum Improvements (whichever comes first), the Redeveloper shall file a written report with the EDA describing, to the best of its ability, the number of residents who moved from existing single family homes in the City.

ARTICLE VI

Insurance

Section 6.1. Insurance. (a) The Redeveloper will provide and maintain or cause its contractor to maintain at all times during the process of constructing the Minimum Improvements an All Risk Broad Form Basis Insurance Policy and, from time to time during that period, at the request of the EDA, furnish the EDA with proof of payment of premiums on policies covering the following:

(i) Builder's risk insurance, written on the so-called "Builder's Risk -- Completed Value Basis," in an amount equal to 100% of the insurable value of the Minimum Improvements at the date of completion, and with coverage available in nonreporting form on the so-called "all risk" form of policy;

(ii) Comprehensive general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) together with an Owner's Protective Liability Policy with limits against bodily injury and property damage of not less than \$2,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used). The EDA shall be listed as an additional insured on the policy; and

(iii) Workers' compensation insurance, with statutory coverage.

(b) Upon completion of construction of the Minimum Improvements and prior to the Termination Date, the Redeveloper shall maintain, or cause to be maintained, at its cost and expense, and from time to time at the request of the EDA shall furnish proof of the payment of premiums on, insurance as follows:

(i) Property insurance against physical loss and/or damage to the Minimum Improvements under a policy or policies covering such risks as are ordinarily insured against by similar businesses.

(ii) Comprehensive general public liability insurance, including personal injury liability (with employee exclusion deleted), against liability for injuries to persons and/or property, in the minimum amount for each occurrence and for each year of \$2,000,000, and shall be endorsed to show the EDA as an additional insured.

(iii) Such other insurance, including workers' compensation insurance respecting all employees of the Redeveloper, in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided that the Redeveloper may be self-insured with respect to all or any part of its liability for workers' compensation.

(c) All insurance required in Article VI of this Agreement shall be taken out and maintained in responsible insurance companies selected by the Redeveloper that are authorized under the laws of the State to assume the risks covered thereby. Upon request, the Redeveloper will deposit annually with the EDA policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. The Redeveloper shall give written notice to the EDA at least 30 days before the effective date of any cancellation or modification which reduces the coverage provided below the amounts required herein. In lieu of separate policies, the Redeveloper may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein, in which event the Redeveloper shall deposit with the EDA a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Minimum Improvements.

(d) The Redeveloper agrees to notify the EDA immediately in the case of damage prior to the Termination Date exceeding \$100,000 in amount to, or destruction of, the Minimum Improvements or any portion thereof resulting from fire or other casualty. In such event the Redeveloper will forthwith repair, reconstruct, and restore the Minimum Improvements to substantially the same or an improved condition or value as it existed prior to the event causing such damage and, to the extent necessary to accomplish such repair, reconstruction, and restoration, the Redeveloper will apply the net proceeds of any insurance relating to such damage received by the Redeveloper to the payment or reimbursement of the costs thereof.

The Redeveloper shall complete the repair, reconstruction and restoration of the Minimum Improvements, regardless of whether the net proceeds of insurance received by the Redeveloper for such purposes are sufficient to pay for the same. Any net proceeds remaining after completion of such repairs, construction, and restoration shall be the property of the Redeveloper.

(e) Notwithstanding anything to the contrary contained in this Agreement, in the event of damage to the Minimum Improvements in excess of \$100,000 and the Redeveloper fails to complete any repair, reconstruction or restoration of the Minimum Improvements within one year from the date of damage, the EDA may, at its option, terminate the TIF Note. Thereafter, the EDA shall have no further obligations to make any payments under the TIF Note. Notwithstanding such termination, the Redeveloper's obligations under Sections 3.6, 3.7 (until satisfied), 4.3, 9.3 and 10.5 shall survive any rescission, termination or expiration of this Agreement; and provided further, that no such termination will terminate the Redeveloper's obligations under the Deferred Loan Promissory Note or the Deferred Loan Mortgage until paid and satisfied in full.

(f) The Redeveloper and the EDA agree that all of the insurance provisions set forth in this Article VI shall terminate upon the termination of this Agreement.

Section 6.2. Subordination. Notwithstanding anything to the contrary contained in this Article VI, the rights of the EDA with respect to the receipt and application of any insurance proceeds shall, in all respects, be subject and subordinate to the rights of any lender under a Mortgage allowed pursuant to Article VIII of this Agreement, except that the EDA does not subordinate its rights to terminate the TIF Note as described in Section 6.1(e).

ARTICLE VII

Delinquent Taxes and Review of Taxes

Section 7.1. Right to Collect Delinquent Taxes. The Redeveloper acknowledges that the EDA is providing substantial aid and assistance in furtherance of the development through reimbursement of Qualified Costs. To that end, the Redeveloper agrees for itself, its successors and assigns, that in addition to the obligation pursuant to statute to pay real estate taxes, it is also obligated by reason of this Agreement, during any time that the Redeveloper owns the Redevelopment Property or any part thereof, to pay before delinquency all real estate taxes assessed against the Redevelopment Property and the Minimum Improvements. The Redeveloper acknowledges that this obligation creates a contractual right on behalf of the EDA through the Termination Date to sue the Redeveloper or its successors and assigns to collect delinquent real estate taxes and any penalty or interest thereon and to pay over the same as a tax payment to the county auditor. In any such suit in which the EDA is the prevailing party, the EDA shall also be entitled to recover its costs, expenses and reasonable attorney fees.

Section 7.2. Review of Taxes. The Redeveloper agrees that prior to the Termination Date it will not cause a reduction in the real property taxes paid in respect of the Redevelopment Property through: (a) willful destruction of the Redevelopment Property or any part thereof; or (b) willful refusal to reconstruct damaged or destroyed property pursuant to Section 6.1 of this Agreement, except as otherwise provided in Section 6.1(e). The Redeveloper also agrees that it will not, prior to the Termination Date, apply for an exemption from or a deferral of property tax on the Redevelopment Property pursuant to any law, or transfer or permit transfer of the Redevelopment Property to any entity whose ownership or operation of the property would result in the Redevelopment Property being exempt from real property taxes under State law.

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ARTICLE VIII

Financing

Section 8.1. Redeveloper Financing. (a) The parties agree and acknowledge that the Redeveloper intends to finance all or a part of acquisition of the Redevelopment Property and the construction of the Minimum Improvements with the Housing Revenue Bonds. The EDA agrees to cooperate with Redeveloper and the City regarding issuance of the Housing Revenue Bonds, subject to the terms and conditions of this Section.

(b) The Housing Revenue Bonds may be issued in one or more series, at Redeveloper's option. Each series of Housing Revenue Bonds must be issued in accordance with all terms and conditions of the City's policies and procedures for issuance of private activity bonds.

(c) If the Redeveloper proposes to finance any portion of the Minimum Improvements through financing other than Housing Revenue Bonds, the Redeveloper shall, as a condition of Closing on acquisition of the EDA Property under Article III, close on such alternative financing in an amount that, together with committed equity for such construction, is sufficient for the acquisition of the Redevelopment Property and construction of the Minimum Improvements.

Section 8.2. Subordination and Modification for the Benefit of Mortgagee. In order to facilitate the Redeveloper obtaining financing for purchase of the Redevelopment Property and for construction according to the Construction Plans, the EDA agrees to subordinate its rights under this Agreement to any Mortgage(s) encumbering the Redevelopment Property, provided that (a) such subordination shall be subject to such reasonable terms and conditions as the EDA and Holder(s) mutually agree in writing and that the EDA will not subordinate its right to terminate the TIF Note as provided herein, (b) the EDA will consent to any assignment of this Agreement and the TIF Note for collateral purposes in accordance with Section 9.2(b).

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ARTICLE IX

Prohibitions Against Assignment and Transfer; Indemnification

Section 9.1. Representation as to Development. The Redeveloper represents and agrees that its purchase of the Redevelopment Property or portions thereof, and its other undertakings pursuant to the Agreement, are, and will be used, for the purpose of development of the Redevelopment Property and not for speculation in land holding.

Section 9.2. Prohibition Against Redeveloper's Transfer of Property and Assignment of TIF Note and Agreement. The Redeveloper represents and agrees that until the Termination Date:

(a) Except only by way of security for, and only for, the purpose of obtaining financing necessary or beneficial to enable the Redeveloper or any successor in interest to the Redevelopment Property, or any part thereof, to perform its obligations under this Agreement to acquire, construct and improve the Minimum Improvements, and any refinancings of such mortgages, or as provided in Section 9.2(f), the Redeveloper will not sell, assign, convey, lease or transfer in any other mode or manner (collectively, "Transfer") this Agreement, the TIF Note, or the Redevelopment Property or the Minimum Improvements, or any interest therein, without the express written approval of the EDA, which consent will not be unreasonably withheld, conditioned or delayed;

(b) Subject to the following sentence, the EDA hereby consents to the assignment of the TIF Note to the Holder of or trustee for the Housing Revenue Bonds for collateral purposes. There shall be submitted to the EDA for review all instruments and other legal documents involved in effecting such transfer and any proposed transferee or assignee of the TIF Note shall (i) execute and deliver to the EDA the Acknowledgment and Receipt of Note in the form included in **Exhibit A** to the TIF Note and (ii) surrender the TIF Note to the EDA either in exchange for a new fully registered note or for transfer of the TIF Note on the registration records for the TIF Note maintained by the EDA.

(c) Except as set forth in Section 9.2(a) or 9.2(b), the EDA shall be entitled to require, as conditions to any approval (which approval shall not be unreasonably withheld, conditioned, or delayed) of any Transfer of the TIF Note which does not involve a Transfer of the Redevelopment Property, the Minimum Improvements or this Agreement that:

(i) There shall be submitted to the EDA for review all instruments and other legal documents involved in effecting such transfer, and if approved by EDA, its approval shall be indicated to the Redeveloper in writing; and

(ii) Any proposed transferee of the TIF Note shall (i) execute and deliver to the EDA the Acknowledgment and Receipt of Note in the form included in **Exhibit A** to the TIF Note and (ii) surrender the TIF Note to the EDA either in exchange for a new fully registered note or for transfer of the TIF Note on the registration records for the TIF Note maintained by the EDA.

(d) Except as set forth in Section 9.2(a) and 9.2(b), the EDA shall be entitled to require, as conditions to any approval of any Transfer of this Agreement, the Redevelopment Property, the Minimum Improvements, or applicable portion thereof, or the TIF Note in connection therewith, that:

(i) Any proposed transferee shall have the qualifications and financial responsibility, as reasonably determined by the EDA, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Redeveloper;

(ii) Any proposed transferee, by instrument in writing satisfactory to the EDA shall, for itself and its successors and assigns, and expressly for the benefit of the EDA have expressly assumed all of the obligations of the Redeveloper under this Agreement and agreed to be subject to all the conditions and restrictions to which the Redeveloper is subject;

(iii) There shall be submitted to the EDA for review all instruments and other legal documents involved in effecting transfer, and if approved by EDA, its approval shall be indicated to the Redeveloper in writing;

(iv) Any proposed transferee of the TIF Note shall (i) execute and deliver to the EDA the Acknowledgment and Receipt of Note in the form included in **Exhibit A** to the TIF Note and (ii) surrender the TIF Note to the EDA either in exchange for a new fully registered note or for transfer of the TIF Note on the registration records for the TIF Note maintained by the EDA;

(v) The Redeveloper and its transferees shall comply with such other conditions as the EDA may reasonably require in order to achieve and safeguard the purposes of the Act, the TIF Act and this Agreement; and

(vi) In the absence of a specific written agreement by the EDA to the contrary, no such transfer or approval by the EDA thereof shall be deemed to relieve the Redeveloper or any other party bound in any way by this Agreement or otherwise with respect to the construction of the Project, from any of its obligations with respect thereto.

(e) The Redeveloper agrees to pay all reasonable legal fees and expenses of the EDA, including fees of legal counsel retained by the EDA to review the documents submitted to the EDA in connection with any Transfer.

(f) Nothing contained in this Section shall prohibit the Redeveloper, without the consent or approval of the EDA, from (i) entering into leases with tenants in the ordinary course of business, (ii) entering into easement or other agreements necessary for the operation of the Minimum Improvement, (iii) admitting or removing limited partners or transferring limited partner interests in the Redeveloper or admitting or removing members in accordance with the applicable organizational documents, (iv) removing the general partner of the Redeveloper for cause at the direction of its limited partner(s) (whether one or more, the "Tax Credit Investor") in accordance with the Redeveloper's partnership agreement.

(g) Any and all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Redevelopment Property governed by this Article IX, shall be in a form reasonably satisfactory to the EDA.

In the event the foregoing conditions are satisfied then the Redeveloper shall be released from its obligation under this Agreement, as to the portion of the Redevelopment Property that is transferred, assigned or otherwise conveyed.

Section 9.3. Release and Indemnification Covenants. (a) The Redeveloper releases from and covenants and agrees that the EDA, the City and the governing body members, officers, agents, servants and employees thereof (collectively, the “Indemnified Parties”) shall not be liable for and agrees to indemnify and hold harmless the Indemnified Parties against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Minimum Improvements with the exception of loss, damage, injury or death resulting from intentional acts of the City or the EDA.

(b) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Redeveloper agrees to protect and defend the Indemnified Parties, now or forever, and further agrees to hold the Indemnified Parties harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, maintenance and operation of the Minimum Improvements.

(c) The Indemnified Parties shall not be liable for any damage or injury to the persons or property of the Redeveloper or its officers, agents, servants or employees or any other person who may be about the Redevelopment Property or Minimum Improvements.

(d) All covenants, stipulations, promises, agreements and obligations of the EDA contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the EDA and not of any governing body member, officer, agent, servant or employee of the EDA in the individual capacity thereof.

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ARTICLE X

Events of Default

Section 10.1. Events of Default Defined. The following shall be “Events of Default” under this Agreement and the term “Event of Default” shall mean, whenever it is used in this Agreement (unless the context otherwise provides), any one or more of the following events:

(a) any default by Redeveloper in any payment of the Deferred Loan Promissory Note in accordance with its terms that remain unpaid after ten (10) days written notice of such failure to pay.

(b) any failure by any party to observe or perform any other covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement, the Deferred Loan Promissory Note, the Deferred Loan Mortgage or under any other agreement entered into between the Redeveloper and the EDA or City in connection with development of the Redevelopment Property; and

(c) any default by Redeveloper under a Mortgage, if any, that is not cured within the time period provided therein or by applicable law.

(d) If, before issuance of the Certificate of Completion for all the Minimum Improvements, the Redeveloper shall;

(i) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act or under any similar federal or State law, which action is not dismissed within 60 days after filing; or

(ii) make an assignment for benefit of its creditors; or

(iii) admit in writing its inability to pay its debts generally as they become due;
or

(iv) be adjudicated a bankrupt or insolvent.

Section 10.2. Remedies on Default. Whenever any Event of Default referred to in Section 10.1 of this Agreement occurs, the non-defaulting party may exercise its rights under this Section 10.2 (i) immediately, with respect to an Event of Default under Section 10.1(a), or (ii) with respect to an Event of Default under clauses (b) through (d) of Section 10.1, after providing 30 days written notice to the defaulting party of the Event of Default, but only if the Event of Default has not been cured within said thirty days or, if the Event of Default is by its nature incurable within 30 days, the defaulting party does not provide assurances reasonably satisfactory to the non-defaulting party that the Event of Default will be cured and will be cured as soon as reasonably possible:

(a) Suspend its performance under this Agreement or the TIF Note until it receives assurances that the defaulting party will cure its default and continue its performance under the Agreement, and no interest shall accrue on the TIF Note for the benefit of the Redeveloper while performance is suspended in accordance with this Section.

(b) Cancel and rescind or terminate the TIF Note and the EDA's obligations under this Agreement; provided however, that no such termination will terminate the Redeveloper's obligations under the Deferred Loan Promissory Note or the Deferred Loan Mortgage.

(c) Subject to the terms of the Housing Revenue Bonds or refinancing(s) thereof, accelerate the Deferred Loan Promissory Note and foreclose the Deferred Loan Mortgage.

(d) Take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant under this Agreement.

Section 10.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the EDA or Redeveloper is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the EDA to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article X.

Section 10.4. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 10.5. Attorney Fees. Whenever any Event of Default occurs and if the non-defaulting party employs attorneys or incurs other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party under this Agreement, the defaulting party shall, within ten (10) days of written demand by the non-defaulting party, pay to the non-defaulting party the reasonable fees of such attorneys and such other expenses so incurred by the non-defaulting party.

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ARTICLE XI

Additional Provisions

Section 11.1. Conflict of Interests; EDA Representatives Not Individually Liable. The EDA and the Redeveloper, to the best of their respective knowledge, represent and agree that no member, official, or employee of the EDA or the City shall have any personal interest, direct or indirect, in the Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership, or association in which he is, directly or indirectly, interested. No member, official, or employee of the EDA or the City shall be personally liable to the Redeveloper, or any successor in interest, in the event of any default or breach by the EDA or for any amount which may become due to the Redeveloper or successor or on any obligations under the terms of the Agreement.

Section 11.2. Equal Employment Opportunity. The Redeveloper, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements provided for in the Agreement it will comply with all applicable federal, state and local equal employment and non-discrimination laws and regulations.

Section 11.3. Restrictions on Use. The Redeveloper agrees that the Redeveloper, and such successors and assigns, shall use the Redevelopment Property and the Minimum Improvements thereon only as an affordable senior rental housing facility that complies with the covenants in Sections 5.5 and 5.6 hereof and the Declaration, which restrictions remain in effect for the respective periods described in those sections and the Declaration. Further, until the Termination Date the Redeveloper shall not discriminate upon the basis of race, color, creed, sex or national origin in the sale, lease, or rental or in the use or occupancy of the Redevelopment Property or any improvements erected or to be erected thereon, or any part thereof.

Section 11.4. Provisions Not Merged With Deed. None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring any interest in the Redevelopment Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

Section 11.5. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 11.6. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under the Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

(a) in the case of the Redeveloper, is addressed to or delivered personally to the Redeveloper at 2905 Northwest Blvd., Suite 150, Plymouth MN 55441-2644; Attn: Mark Moorhouse and Ryan Lunderby; and

(b) in the case of the EDA, is addressed to or delivered personally to the Economic Development Authority in and for the City of Coon Rapids, Minnesota, 11155 Robinson Drive NW, Coon Rapids, MN, 55433, Attn: Executive Director; or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this Section.

Section 11.7. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 11.8. Recording. The EDA may record this Agreement and any amendments thereto with the County recorder. The Redeveloper shall pay all costs for recording.

Section 11.9. Amendment. This Agreement may be amended only by written agreement approved by the EDA and the Redeveloper.

Section 11.10. EDA Approval. Unless otherwise specified, any approval required by the EDA under this Agreement may be given by the EDA Representative.

Section 11.11. Termination. This Agreement terminates on the "Termination Date," which means the earliest of (a) February 1, 2043; (b) the February 1st after the date of the Authority's last receipt of Tax Increment from the TIF District in accordance with Section 469.176, subd. 1b(a)(4) of the TIF Act or the date on which the TIF District otherwise expires or is terminated, or (c) the date the TIF Note is paid in full, defeased, or terminated in accordance with its terms, or the date this Agreement is terminated in accordance with Article X hereof; provided however Sections 3.6, 3.7 (until satisfied), 4.3, 9.3 and 10.5 shall survive any rescission, termination or expiration of this Agreement with respect to or arising out of any event, occurrence or circumstance existing prior to the date thereof; and provided further, that no such termination will terminate the Redeveloper's obligations under the Deferred Loan Promissory Note or the Deferred Loan Mortgage until paid and satisfied in full.

Section 11.12. Choice of Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

Section 11.13. Estoppel Certificates. The EDA agrees it will, from time to time upon reasonable prior written request by Redeveloper, execute and deliver to Redeveloper and such other parties as Redeveloper may reasonably designate, within ten (10) business days following the request therefor, written certification, if true, that (a) this Agreement is unmodified and in full force and effect (or if there have been modifications, that the same are in full force and effect as modified), (b) that to the knowledge of the EDA there are not defaults under this Agreement (or

specifying any claimed defaults), and (c) certifying as to the status of completion of the Minimum Improvements.

IN WITNESS WHEREOF, the EDA has caused this Agreement to be duly executed in its name and behalf and its seal to be hereunto duly affixed and the Redeveloper has caused this Agreement to be duly executed in its name and behalf on or as of the date first above written.

ECONOMIC DEVELOPMENT AUTHORITY IN
AND FOR THE CITY OF COON RAPIDS,
MINNESOTA

By _____
Its President

By _____
Its Executive Director

STATE OF MINNESOTA)
) SS.
COUNTY OF ANOKA)

The foregoing instrument was acknowledged before me this ____ day of _____, 2015, by _____ and _____, the President and Executive Director of the Economic Development Authority in and for the City of Coon Rapids, Minnesota, a public body politic and corporate, on behalf of the EDA.

Notary Public

COON RAPIDS LEASED HOUSING
ASSOCIATES IV, LLLP

By Coon Rapids Leased Housing Associates IV,
LLC, its general partner.

By: _____
Mark S. Moorhouse, Senior Vice President

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____ day of _____, 2015 by Mark S. Moorhouse, the Senior Vice President of Coon Rapids Leased Housing Associates IV, LLC, the general partner of Coon Rapids Leased Housing Associates IV, LLLP, a Minnesota limited liability limited partnership, on behalf of the limited liability limited partnership.

Notary Public

EXHIBIT A
REDEVELOPMENT PROPERTY

Lots 11 and 12, Robinwood, Anoka County, Minnesota, according to the recorded plat thereof.

AND

That part of Crooked Lake Boulevard as dedicated in the plat of Robinwood Plat 3, Anoka County, Minnesota, according to the recorded plat thereof, lying westerly of the following described line:

Beginning at the southeast corner of said Crooked Lake Boulevard; thence North 0 degrees 11 minutes 08 seconds East, on an assumed bearing along the easterly line of said Crooked Lake Boulevard, a distance of 84.96 feet to a point of curve in said easterly line; thence continuing northerly, along said easterly line, a distance of 88.48 feet to a point of curve in said easterly line; thence North 17 degrees 39 minutes 57 seconds West, to the westerly line of said Crooked Lake Boulevard, and said line there terminating.

AND

That part of Lot 1, Block 3 and Outlot A, Robinwood Plat 5, Anoka County, Minnesota, according to the recorded plat thereof lying southerly and easterly of the following described line:

Commencing at the southeast corner of Crooked Lake Boulevard as dedicated in the plat of Robinwood Plat 3, Anoka County, Minnesota, according to the recorded plat thereof; thence North 0 degrees 11 minutes 08 seconds East, on an assumed bearing along the easterly line of said Crooked Lake Boulevard, a distance of 84.96 feet to a point of curve in said easterly line; thence continuing northerly, along said easterly line, a distance of 88.48 feet to a point of curve in said easterly line; thence North 17 degrees 39 minutes 57 seconds West, to the westerly line of said Crooked Lake Boulevard and the point of beginning of said line; thence South 80 degrees 45 minutes 00 seconds West a distance of 28.96 feet; thence westerly a distance of 92.94 feet along a tangential curve, concave to the north having a radius of 128.31 feet and a central angle of 41 degrees 30 minutes 09 seconds; thence North 57 degrees 44 minutes 50 seconds West, tangent to said curve, a distance of 80.00 feet; thence South 32 degrees 45 minutes 49 seconds West to the southerly line of said Lot 1 and said line there terminating.

After Closing the foregoing property will be replatted as:

Lot 2, Block 1, Robinwood Plat 6, Anoka County, Minnesota

EXHIBIT B

EDA PROPERTY

Lot 11, Robinwood, Anoka County, Minnesota, according to the recorded plat thereof.

AND

That part of Crooked Lake Boulevard as dedicated in the plat of Robinwood Plat 3, Anoka County, Minnesota, according to the recorded plat thereof, lying westerly of the following described line:

Beginning at the southeast corner of said Crooked Lake Boulevard; thence North 0 degrees 11 minutes 08 seconds East, on an assumed bearing along the easterly line of said Crooked Lake Boulevard, a distance of 84.96 feet to a point of curve in said easterly line; thence continuing northerly, along said easterly line, a distance of 88.48 feet to a point of curve in said easterly line; thence North 17 degrees 39 minutes 57 seconds West, to the westerly line of said Crooked Lake Boulevard, and said line there terminating.

AND

That part of Lot 1, Block 3 and Outlot A, Robinwood Plat 5, Anoka County, Minnesota, according to the recorded plat thereof lying southerly and easterly of the following described line:

Commencing at the southeast corner of Crooked Lake Boulevard as dedicated in the plat of Robinwood Plat 3, Anoka County, Minnesota, according to the recorded plat thereof; thence North 0 degrees 11 minutes 08 seconds East, on an assumed bearing along the easterly line of said Crooked Lake Boulevard, a distance of 84.96 feet to a point of curve in said easterly line; thence continuing northerly, along said easterly line, a distance of 88.48 feet to a point of curve in said easterly line; thence North 17 degrees 39 minutes 57 seconds West, to the westerly line of said Crooked Lake Boulevard and the point of beginning of said line; thence South 80 degrees 45 minutes 00 seconds West a distance of 28.96 feet; thence westerly a distance of 92.94 feet along a tangential curve, concave to the north having a radius of 128.31 feet and a central angle of 41 degrees 30 minutes 09 seconds; thence North 57 degrees 44 minutes 50 seconds West, tangent to said curve, a distance of 80.00 feet; thence South 32 degrees 45 minutes 49 seconds West to the southerly line of said Lot 1 and said line there terminating.

EXHIBIT C
FORM OF QUIT CLAIM DEED

(Top 3 inches reserved for recording data)
QUIT CLAIM DEED

DEED TAX DUE: \$_____

DATE: _____
(month/day/year)

FOR VALUABLE CONSIDERATION, _____ ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF
COON RAPIDS, MINNESOTA

(insert name of Grantor)

a body corporate and politic under the laws of Minnesota, ("Grantor"),
hereby conveys and quitclaims to COON RAPIDS LEASED HOUSING ASSOCIATES IV, LLLP
(insert name of Grantee)

a limited liability limited partnership under the laws of Minnesota, ("Grantee"),
real property in Anoka County, Minnesota, legally described as follows:

See attached Exhibit A

Check here if all or part of the described real property is Registered (Torrens) ☐

together with all hereditaments and appurtenances and subject to the Right of Re-Entry for Breach of Condition
Subsequent in favor of Grantor which is described on **Exhibit B**.

This Deed conveys after-acquired title.

Check applicable box:

- ☐ The Seller certifies that the Seller does not know of any wells on the described property.
- ☐ A well disclosure certificate accompanies this document. (If electronically filed, insert WDC number: _____).
- ☐ I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

Grantor

ECONOMIC DEVELOPMENT AUTHORITY IN AND
FOR THE CITY OF COON RAPIDS, MINNESOTA
(name of Grantor)

By: _____
(signature)

Its: President
(type of authority)

By: _____
(signature)

Its: Executive Director
(type of authority)

State of Minnesota, County of _____

This instrument was acknowledged before me on _____ by _____
(month/day/year) (name of authorized
signer)

_____ as President
(type of authority)

and by _____
(name of authorized signer)

as Executive Director _____ of Economic Development Authority in and for the
City of Coon Rapids, Minnesota
(type of authority) (name of Grantor)

(Seal, if any)

(signature of notarial officer)

Title (and Rank): _____

My commission expires: _____
(month/day/year)

THIS INSTRUMENT WAS DRAFTED BY:
(insert name and address)

Kennedy & Graven, Chartered
470 U.S. Bank Plaza
200 South 6th Street
Minneapolis, MN 55402

TAX STATEMENTS FOR THE REAL PROPERTY
DESCRIBED IN THIS INSTRUMENT SHOULD BE SENT
TO:

Coon Rapids Leased Housing Associates IV, LLLP
2905 Northwest Blvd.
Plymouth MN 55441-2644
Attention: Mark S. Moorhouse and Ryan Lunderby

EXHIBIT A

TO QUIT CLAIM DEED EXECUTED BY
THE ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF COON
RAPIDS, MINNESOTA, GRANTOR,
TO COON RAPIDS LEASED HOUSING ASSOCIATES IV, LLLP, GRANTEE.

Lot 11, Robinwood, Anoka County, Minnesota, according to the recorded plat thereof.

AND

That part of Crooked Lake Boulevard as dedicated in the plat of Robinwood Plat 3, Anoka County, Minnesota, according to the recorded plat thereof, lying westerly of the following described line:

Beginning at the southeast corner of said Crooked Lake Boulevard; thence North 0 degrees 11 minutes 08 seconds East, on an assumed bearing along the easterly line of said Crooked Lake Boulevard, a distance of 84.96 feet to a point of curve in said easterly line; thence continuing northerly, along said easterly line, a distance of 88.48 feet to a point of curve in said easterly line; thence North 17 degrees 39 minutes 57 seconds West, to the westerly line of said Crooked Lake Boulevard, and said line there terminating.

AND

That part of Lot 1, Block 3 and Outlot A, Robinwood Plat 5, Anoka County, Minnesota, according to the recorded plat thereof lying southerly and easterly of the following described line:

Commencing at the southeast corner of Crooked Lake Boulevard as dedicated in the plat of Robinwood Plat 3, Anoka County, Minnesota, according to the recorded plat thereof; thence North 0 degrees 11 minutes 08 seconds East, on an assumed bearing along the easterly line of said Crooked Lake Boulevard, a distance of 84.96 feet to a point of curve in said easterly line; thence continuing northerly, along said easterly line, a distance of 88.48 feet to a point of curve in said easterly line; thence North 17 degrees 39 minutes 57 seconds West, to the westerly line of said Crooked Lake Boulevard and the point of beginning of said line; thence South 80 degrees 45 minutes 00 seconds West a distance of 28.96 feet; thence westerly a distance of 92.94 feet along a tangential curve, concave to the north having a radius of 128.31 feet and a central angle of 41 degrees 30 minutes 09 seconds; thence North 57 degrees 44 minutes 50 seconds West, tangent to said curve, a distance of 80.00 feet; thence South 32 degrees 45 minutes 49 seconds West to the southerly line of said Lot 1 and said line there terminating.

EXHIBIT B

TO QUIT CLAIM DEED EXECUTED BY THE ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF COON RAPIDS, MINNESOTA, GRANTOR, TO COON RAPIDS LEASED HOUSING ASSOCIATES IV, LLLP, GRANTEE.

The Economic Development Authority in and for the City of Coon Rapids, Minnesota, Grantor, is conveying the property described in the attached Quit Claim Deed (the “EDA Parcel”) to Coon Rapids Leased Housing Associates IV, LLLP, Grantee, subject to a right of reentry for breach of conditions subsequent in favor of Grantor. The condition subsequent is that, barring any Unavoidable Delays, Grantee shall commence construction in accordance with an approved site plan for the EDA Parcel (the “Project”) beyond the point of site preparation by the date 12 months from the date of this Quit Claim Deed, as set forth in Section 3.7 of that certain Purchase and Redevelopment Agreement between the Grantor and Grantee dated as of _____, 2015 and recorded in the office of the Anoka County Recorder on _____ as Document No. _____ (the “Development Agreement”). If Grantee breaches the condition subsequent, the Grantee shall re-convey the EDA Property to the Grantor. If the Grantee fails to re-convey the EDA Property to the Grantor, the Grantor may elect to exercise its right of reentry by commencing an action in Anoka County District Court to establish the breach of the condition subsequent. If Grantor establishes a breach of the condition subsequent, title to and the right to possession of all portions of the EDA Parcel for which Grantor has not issued a Certificate of Release, as contemplated in the Development Agreement, and title to all improvements located thereon reverts to Grantor, and Grantee is not entitled to any compensation from Grantor or the City of Coon Rapids, Minnesota for the value of any improvements Grantee has made to the EDA Parcel.

The Grantee shall notify the Grantor when construction of the Project has commenced beyond the point of site preparation. The Grantor shall, within 14 days after such notification, inspect the Project in order to determine whether construction of the Project has been commenced. If the Grantor determines that construction of the Project has commenced beyond the point of site preparation, the Grantor shall furnish to the Grantee a Certificate of Release in the form attached hereto as **Exhibit C**. The Certificate of Release issued for the Project shall conclusively satisfy and terminate the right of reentry of the Grantor in this Quit Claim Deed or the Development Agreement.

EXHIBIT C

TO QUIT CLAIM DEED EXECUTED BY
THE ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF COON
RAPIDS, MINNESOTA, GRANTOR,
TO COON RAPIDS LEASED HOUSING ASSOCIATES IV, LLLP, GRANTEE.

CERTIFICATE OF RELEASE

1. Recitals.

Recital One. Coon Rapids Leased Housing Associates IV, LLLP, a Minnesota limited liability limited partnership (the “Grantee”) is the owner of the real property legally described in Exhibit A hereto (the “EDA Parcel”).

Recital Two. Grantee acquired title to the EDA Parcel from the Economic Development Authority in and for the City of Coon Rapids, Minnesota (the “EDA”) pursuant to a deed dated _____, 20__ and recorded in the office of the Anoka County Recorder on _____ as Document No. _____ (the “Deed”).

Recital Three. The Deed includes a right of re-entry for breach of conditions subsequent in favor of the EDA (the “Right of Re-entry”).

Recital Four. The EDA and the Grantee are parties to a Purchase and Redevelopment Agreement dated _____, 2015 and recorded in the office of the Anoka County Recorder on _____ as Document No. _____ (the “Agreement”).

Recital Five. Pursuant to Section 3.7 of the Agreement, the Grantee is obligated to commence, or cause to be commenced, construction in accordance with an approved site plan for the EDA Parcel (the “Project”) beyond the point of site preparation by the date 12 months from the date of the Deed.

Recital Six. The EDA’s Right of Re-entry would be triggered by the Grantee’s failure to commence, or cause to be commenced, construction of the Project beyond the point of site preparation by the date 12 months from the date of the Deed.

Recital Seven. The Grantee has represented to the EDA that the Grantee has commenced construction of the Project beyond the point of site preparation and has requested this Certificate of Release from the EDA.

2. Certificate of Release. The EDA hereby certifies that the Grantee has satisfied its obligations with respect to commencing construction of the Project beyond the point of site preparation on the EDA Parcel. The EDA further acknowledges and agrees that the EDA Parcel is released from the Right of Re-Entry.

ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF COON RAPIDS, MINNESOTA

By _____
Its Executive Director

The foregoing instrument was acknowledged before me on this ____ day of _____, 20__ by _____ and _____, the President and Executive Director of the Economic Development Authority in and for the City of Coon Rapids, Minnesota, a body corporate and politic established pursuant to Minnesota Statutes, Chapter 469, on behalf of the Authority.

Kennedy & Graven, Chartered
470 U.S. Bank Plaza
200 South 6th Street
Minneapolis, MN 55402

EXHIBIT D

FORM OF TIF NOTE

UNITED STATE OF AMERICA
STATE OF MINNESOTA
COUNTY OF ANOKA

No. R-1

\$1,550,000

ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF
COON RAPIDS, MINNESOTA
TAXABLE TAX INCREMENT REVENUE NOTE (COON RAPIDS LEASED HOUSING
ASSOCIATES IV SENIOR HOUSING PROJECT)

Rate
_____ %

Date
of Original Issue

The Economic Development Authority in and for the City of Coon Rapids, Minnesota (the “EDA”) for value received, certifies that it is indebted and hereby promises to pay to Coon Rapids Leased Housing Associates IV, LLLP or registered assigns (the “Owner”), the principal sum of \$1,550,000 with interest thereon at the rate of _____% per annum, solely from the sources and to the extent set forth herein. This Note is issued pursuant to the Purchase and Redevelopment Agreement between the EDA and Owner dated as of _____, 2015 (the “Agreement”). Capitalized terms not otherwise defined herein have the meaning provided in the Agreement.

1. Payments. Principal and interest payments (“Payments”) on each February 1 and August 1, commencing August 1, 2017 and thereafter to and including February 1, 2043 (the “Payment Dates”) in the amounts and from the sources set forth in Section 3 herein. All payments made by the Authority under this Note shall first be applied to accrued interest and then to principal.

Payments are payable by mail to the address of the Owner or such other address as the Owner may designate upon 30 days written notice to the EDA. Payments on this Note are payable in any coin or currency of the United States of America which, on the Payment Date, is legal tender for the payment of public and private debts. Payments shall be applied first to accrued interest and second to outstanding principal.

2. Interest. The unpaid principal amount hereof shall bear simple, non-compounding interest from the date of this Note at the rate of _____ percent (____%) per annum. Interest shall be computed on the basis of a year of 360 days and twelve 30-day months. To the extent that Available Tax Increment is insufficient to pay principal and interest on any Payment Date, unpaid interest will not be added to principal.

3. Available Tax Increment. (a) Payments on this Note are payable on each Payment Date solely from and in the amount of “Available Tax Increment,” which shall mean, on each Payment Date, 90% of the Tax Increment attributable to Tax Increment Financing District No. 1-31 (the “TIF District”) that is paid to the EDA by Anoka County in the 6 months preceding each Payment Date.

(b) The EDA shall have no obligation to pay principal of this Note or interest thereon on each Payment Date from any source other than Available Tax Increment and the failure of the EDA to make Payments on any Payment Date shall not constitute a default hereunder as long as the EDA pays principal and interest hereon to the extent of Available Tax Increment. If on any Payment Date there is available to the EDA insufficient Available Tax Increment to pay the accrued and unpaid interest on this Note on such date, the amount of such deficiency shall be deferred and paid, without interest thereon, on the next Payment Date on which the EDA has available to it Available Tax Increment in excess of the amount necessary to pay the accrued and unpaid interest on this Note on such subsequent Payment Date. The EDA shall have no obligation to pay unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2043 except from Available Tax Increment attributable to property taxes paid in the 2042 or any prior years.

4. Default. If on any Payment Date there has occurred and is continuing any Event of Default under the Agreement, the EDA may, notwithstanding any notice and cure provisions in the Agreement, withhold from Payments hereunder all Available Tax Increment. If the Event of Default is thereafter cured in accordance with the Agreement, the Available Tax Increment withheld under this Section shall be deferred and paid, without interest thereon, within 30 days after the Event of Default is cured. If on any date there has occurred and is continuing, after notice and opportunity to cure have been provided in accordance with the Agreement, any Event of Default under the Agreement, the EDA may exercise its remedies under the Agreement, including but not limited to terminating this Note. Reference is hereby made to all of the provisions of the Agreement, including without limitation Section 10.2 thereof, for a fuller statement of the rights and obligations of the EDA to pay the principal of this Note, and said provisions are hereby incorporated into this Note as though set out in full herein.

5. Prepayment. The principal sum of this Note is prepayable in whole or in part at any time by the EDA without premium or penalty.

6. Nature of Obligation. This Note is one of an issue in the total principal amount of \$1,550,000 issued to aid in financing certain Qualified Costs of a Redevelopment Project undertaken by the EDA pursuant to Minnesota Statutes, Sections 469.001 through 469.047, and pursuant and in full conformity with the Constitution and laws of the State of Minnesota,

including Minnesota Statutes, Sections 469.174 to 469.1794 (the “TIF Act”). This Note is a special, limited obligation of the EDA which is payable solely from Available Tax Increment pledged to the payment hereof. This Note shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the EDA. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of this Note or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of this Note or other costs incident hereto.

7. Registration and Transfer. This Note is issuable only as a fully registered note without coupons. This Note is transferable upon the books of the EDA kept for that purpose at the principal office of the City Finance Director, by the Owner hereof in person or by such Owner’s attorney duly authorized in writing, upon surrender of this Note together with a written instrument of transfer satisfactory to the EDA, duly executed by the Owner. Upon such transfer or exchange and the payment by the Owner of any tax, fee, or governmental charge required to be paid by the EDA with respect to such transfer or exchange, there will be issued in the name of the transferee a new Note of the same aggregate principal amount, bearing interest at the same rate and maturing on the same dates.

Except as otherwise provided in Section 9.2 of the Agreement, this Note shall not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the EDA has provided written consent to such transfer and the EDA has been provided with a certification of the transferee regarding its understanding of the special, limited nature of the Note and limited marketability in a form reasonably acceptable to the EDA.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen, and to be performed in order to make this Note a valid and binding limited obligation of the EDA according to its terms, have been done, do exist, have happened, and have been performed in due form, time and manner as so required.

IN WITNESS WHEREOF, the board of commissioners of the EDA has caused this Note to be executed with the manual signatures of its President and Executive Director, all as of the Date of Original Issue specified above.

**ECONOMIC DEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF COON RAPIDS,
MINNESOTA**

President

Executive Director

REGISTRATION PROVISIONS

The ownership of the unpaid balance of the within Note is registered in the bond register of the City Finance Director, in the name of the person last listed below.

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of City Finance Director</u>
_____, 20____	Coon Rapids Leased Housing Associates IV, LLLP Federal Tax ID No. 35-2523458	_____

**Exhibit A
to TIF Note**

ACKNOWLEDGMENT AND RECEIPT FOR NOTE

The undersigned, _____ a _____ (“Purchaser”), hereby certifies and acknowledges that on the date hereof the Purchaser received from Coon Rapids Leased Housing Associates IV, LLLP (the “Redeveloper”) the Taxable Tax Increment Revenue Note, Series 2015 (Coon Rapids Leased Housing Associates IV Senior Housing Project), a pay-as-you-go tax increment revenue note in the original principal amount of \$1,550,000 dated _____, 2015 of the Economic Development Authority in and for the City of Coon Rapids, Minnesota (the “EDA”), a copy of which is attached hereto, (the “Note”).

A. The Purchaser has had the opportunity to ask questions of and receive all information and documents concerning the Note as it requested, and has had access to any additional information the Purchaser thought necessary to verify the accuracy of the information received. In determining to acquire the Note, the Purchaser has made its own determinations and has not relied on the EDA or information provided by the EDA.

B. The Purchaser represents and warrants that:

1. The Purchaser is acquiring the Note for investment and for its own account, and without any view to resale or other distribution.

2. The Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of receiving and holding the Note.

3. The Purchaser understands that the Note is a security which has not been registered under the Securities Act of 1933, as amended, or any state securities law, and must be held until its sale is registered or an exemption from registration becomes available.

4. The Purchaser is aware of the limited payment source for the Note and interest thereon and risks associated with the sufficiency of that limited payment source.

C. The Purchaser understands that the Note is payable solely from certain tax increments derived from certain properties located in a tax increment financing district, if and as received by the EDA. The Purchaser acknowledges that the EDA has made no representation or covenant, express or implied, that the revenues pledged to pay the Note will be sufficient to pay, in whole or in part, the principal and interest due on the Note. Any amounts which have not been paid on the Note on or before the final maturity date of the Note shall no longer be payable, as if the Note had ceased to be an obligation of the EDA. The Purchaser understands that the Note will never represent or constitute a general obligation, debt or bonded indebtedness of the City of Coon Rapids, Minnesota (the “City”), the EDA, the State of Minnesota, or any political subdivision thereof and that no right will exist to have taxes levied by the City, the EDA, the

State of Minnesota or any political subdivision thereof for the payment of principal and interest on the Note.

D. The Purchaser understands that the Note is payable solely from certain tax increments, which are taxes received on improvements made to certain property (the “Improvements”) in a tax increment financing district from the increased taxable value of the property over its base value at the time that the tax increment financing district was created, which base value is called “original net tax capacity”. There are risk factors in relying on tax increments to be received, which include, but are not limited to, the following:

1. Value of Improvements. If the contemplated Improvements constructed in the tax increment financing district are completed at a lesser level of value than originally contemplated, they will generate fewer taxes and fewer tax increments than originally contemplated.

2. Damage or Destruction. If the Improvements are damaged or destroyed after completion, their value will be reduced, and taxes and tax increments will be reduced. Repair, restoration or replacement of the Improvements may not occur, may occur after only a substantial time delay, or may involve property with a lower value than the Improvements, all of which would reduce taxes and tax increments.

3. Change in Use to Tax-Exempt. The Improvements could be acquired by a party that devotes them to a use which causes the property to be exempt from real property taxation. Taxes and tax increments would then cease.

4. Depreciation. The Improvements could decline in value due to changes in the market for such property or due to the decline in the physical condition of the property. Lower market valuation will lead to lower taxes and lower tax increments.

5. Non-payment of Taxes. If the property owner does not pay property taxes, either in whole or in part, the lack of taxes received will cause a lack of tax increments. The Minnesota system of collecting delinquent property taxes is a lengthy one that could result in substantial delays in the receipt of taxes and tax increments, and there is no assurance that the full amount of delinquent taxes would be collected. Amounts distributed to taxing jurisdictions upon a sale following a tax forfeiture of the property are not tax increments.

6. Reductions in Taxes Levied. If property taxes are reduced due to decreased municipal levies, taxes and tax increments will be reduced. Reasons for such reduction could include lower local expenditures or changes in state aids to municipalities. For instance, in 2001 the Minnesota Legislature enacted an education funding reform that involved the state increasing school aid in lieu of the local general education levy (a component of school district tax levies).

7. Reductions in Tax Capacity Rates. The taxable value of real property is determined by multiplying the market value of the property by a tax capacity rate. Tax capacity rates vary by certain categories of property; for example, the tax capacity rates for residential homesteads are currently less than the tax capacity rates for commercial

and industrial property. In 2001 the Minnesota Legislature enacted property tax reform that lowered various tax capacity rates to “compress” the difference between the tax capacity rates applicable to residential homestead properties and commercial and industrial properties.

8. Changes to Local Tax Rate. The local tax rate to be applied in the tax increment financing district is the lower of the current local tax rate or the original local tax rate for the tax increment financing district. In the event that the Current Local Tax Rate is higher than the Original Local Tax Rate, then the “excess” or difference that comes about after applying the lower Original Local Tax Rate instead of the Current Local Tax Rate is considered “excess” tax increment and is distributed by Anoka County to the other taxing jurisdictions and such amount is not available to the EDA as tax increment.

9. Legislation. The Minnesota Legislature has frequently modified laws affecting real property taxes, particularly as they relate to tax capacity rates and the overall level of taxes as affected by state aid to municipalities.

E. The Purchaser acknowledges that the Note was issued as part of a development agreement between the EDA and the Redeveloper dated _____, 2015 (“Development Agreement”), and that the EDA has the right to suspend payments under this Note and/or terminate the Note upon an Event of Default under the Development Agreement.

F. The Purchaser acknowledges that the EDA makes no representation about the tax treatment of, or tax consequences from, the Purchaser’s acquisition of the Note.

WITNESS our hand this ____ day of _____, 20____.

Purchaser:

By _____
Name: _____
Its _____

EXHIBIT E

CERTIFICATE OF COMPLETION

WHEREAS, the Economic Development Authority in and for the City of Coon Rapids, Minnesota, a Minnesota public body, corporate and politic (the "EDA"), and Coon Rapids Leased Housing Associates IV, LLLP, a Minnesota limited liability limited partnership (the "Redeveloper") have entered into a Purchase and Redevelopment Agreement between the EDA and Redeveloper dated as of _____, 2015 (the "Agreement") and filed for record _____, 2015, as Document Number _____, in the Office of the Anoka County Recorder; and

WHEREAS, the Agreement requires the Redeveloper to construct certain Minimum Improvements (as that term is defined in the Agreement);

WHEREAS, the Redeveloper has constructed the Minimum Improvements (as that term is defined in the Agreement) in a manner deemed sufficient by the EDA to permit the execution of this certification and the release of the Redevelopment Property from the terms and conditions of the Agreement;

NOW, THEREFORE, this is to certify that the Redeveloper has constructed the Minimum Improvements. Any remaining obligations under the Redevelopment Agreement shall be solely contractual obligations of the Redeveloper and parties to whom the Redeveloper expressly assigns, and who expressly assume, the Redeveloper's obligations under the Redevelopment Agreement. The remaining covenants of the Redeveloper under the Redevelopment Agreement are not intended to run with title to the Redevelopment Property or bind successors in title to the Redevelopment Property.

Dated: _____, 20__.

ECONOMIC DEVELOPMENT AUTHORITY IN
AND FOR THE CITY OF COON RAPIDS,
MINNESOTA

By _____
EDA Representative

EXHIBIT F

DECLARATION OF RESTRICTIVE COVENANTS

THIS DECLARATION OF RESTRICTIVE COVENANTS (this “Declaration”) dated as of _____, 20____ by Coon Rapids Leased Housing Associates IV, LLLP, its successors and assigns (the “Owner”) is given to the Economic Development Authority in and for the City of Coon Rapids, Minnesota (the “EDA”).

RECITALS

WHEREAS, the EDA and the Owner entered into that Purchase and Redevelopment Agreement, dated _____, 2015, filed _____, 2015 in the Office of the County Recorder for Anoka County as Document No. _____ (the “Agreement”); and

WHEREAS, pursuant to the Agreement, the Owner is obligated to cause construction of approximately 165 housing units of senior rental housing (the “Project”) on the property described in Exhibit A hereto (the “Property”), and to cause compliance with certain restrictive covenants, as described in Section 5.6 of the Agreement; and

WHEREAS, the Owner intends, declares, and covenants that the restrictive covenants set forth herein shall be and are covenants running with the Property for the term described herein and binding upon all subsequent owners of the Property for such term, and are not merely personal covenants of the Owner; and

WHEREAS, capitalized terms in this Declaration have the meaning provided in the Agreement unless otherwise defined herein.

NOW, THEREFORE, in consideration of the promises and covenants hereinafter set forth, and of other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Owner agrees as follows:

1. Term of Restrictions.

(a) Senior Occupancy and Management Restrictions. The term of the Senior Occupancy Restriction set forth in Section 3 of this Declaration and the Management Restriction set forth in Section 4 of this Declaration shall commence on the close of the first year of the “credit period” for the Minimum Improvements within the meaning of Section 42 of the Internal Revenue Code of 1986 (the “Code”); that is, the commencement of such restrictions coincides with the commencement of income and rent restrictions imposed under Section 42 of the Code. The period from commencement to termination is the “Qualified Project Period.”

(b) Termination of Declaration. This Declaration shall terminate upon the latest of (a) the date that is 15 years after the commencement of the Qualified Project Period, (b) the date the Deferred Loan Promissory Note (as defined in the Agreement) is paid in full, or (c) the date the TIF Note is paid in full, defeased, or terminated in accordance with its terms.

(c) Removal from Real Estate Records. Upon termination of this Declaration, the EDA shall, upon request by the Owner or its assigns, file any document appropriate to remove this Declaration from the real estate records of Anoka County, Minnesota.

2. Project Restrictions.

(a) The Owner represents, warrants, and covenants that:

(i) All leases of units to Qualifying Tenants (as defined in Section 3(a) hereof) shall contain clauses, among others, wherein each individual lessee:

(1) Certifies the accuracy of the statements made in its application and Eligibility Certification (as defined in Section 3(b) hereof); and

(2) Agrees that the age of at least one occupant at the time the lease is executed shall be deemed substantial and material obligation of the lessee's tenancy; that the lessee will comply promptly with all requests age of the occupants, and that the lessee's failure or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the lessee's tenancy.

(ii) The Owner shall permit any duly authorized representative of the EDA to inspect the books and records of the Owner pertaining to the income of Qualifying Tenants residing in the Project.

(b) The Owner represents, warrants, and covenants that during the Qualified Project Period, all units in the Project will have no more than three bedrooms.

3. Senior Occupancy Restrictions. The Owner represents, warrants, and covenants that:

(a) Qualifying Tenants. From the commencement of the Qualified Project Period, all units shall be occupied by at least one person who is at least 55 years of age at the time of occupancy. Tenants who satisfy this paragraph are referred to as "Qualifying Tenants."

(b) Certification of Tenant Eligibility. As a condition to initial and continuing occupancy, each person who is intended to be a Qualifying Tenant shall be required annually to sign and deliver to the Owner a Certification of Tenant Eligibility substantially in the form attached as **EXHIBIT B** hereto, or in such other form as may be approved by the EDA (the "Eligibility Certification"), in which the prospective Qualifying Tenant certifies as to qualifying as senior. Eligibility Certifications will be maintained on file by the Owner with respect to each Qualifying Tenant who resides in a Project unit or resided therein during the immediately preceding calendar year.

(c) Lease. The form of lease to be utilized by the Owner in renting any units in the Project to any person who is intended to be a Qualifying Tenant shall provide for termination of the lease and consent by such person to immediate eviction for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by such person with respect to the Eligibility Certification.

(d) Annual Report. The Owner covenants and agrees that during the term of this Declaration, it will prepare and submit to the EDA on or before July 1 of each year, a certificate substantially in the form of **EXHIBIT C** hereto, executed by the Owner, (i) identifying the tenancies and the dates of occupancy (or vacancy) for all Units in the Project; (ii) describing all transfers or other changes in ownership of the Project or any interest therein; (iii) stating, that to the best knowledge of the person executing such certificate after due inquiry, all such units were rented or available for rental on a continuous basis during such year to members of the general public who were Qualifying Tenants and that the Owner was not otherwise in default under this Declaration during such year; and (iv) certifying compliance with the Management Restriction described in Section 4 of this Declaration.

(e) Notice of Non-Compliance. The Owner will immediately notify the EDA if at any time during the term of this Declaration the dwelling units in the Project are not occupied or available for occupancy as required by the terms of this Declaration.

4. Management Restriction. The Owner shall at times during the Qualified Project Period retain a professional rental housing manager with an office located in the Project, to provide rental management services typical in the senior rental housing facilities. The Owner shall file certification of compliance with this Section at the time of, and as part of, the annual report required under Section 3(d) of this Declaration.

5. Transfer Restrictions. The Owner covenants and agrees that the Owner will cause or require as a condition precedent to any conveyance, transfer, assignment, or any other disposition of the Project prior to the termination of the Occupancy Restrictions provided herein (the "Transfer") that the transferee of the Project pursuant to the Transfer assume in writing, in a form acceptable to the EDA, all duties and obligations of the Owner under this Declaration, including this Section 5, in the event of a subsequent Transfer by the transferee prior to expiration of the Senior Occupancy and Management Restrictions provided herein (the "Assumption Agreement"). The Owner shall deliver the Assumption Agreement to the EDA prior to the Transfer.

6. Enforcement.

(a) The Owner shall permit, during normal business hours and upon reasonable written notice, any duly authorized representative of the EDA to inspect any books and records of the Owner regarding the Project with respect to the incomes of Qualifying Tenants.

(b) The Owner shall submit any other information, documents or certifications requested by the EDA which the EDA deems reasonably necessary to substantial the Owner's continuing compliance with the provisions specified in this Declaration.

(c) The Owner acknowledges that the primary purpose for requiring compliance by the Owner with the restrictions provided in this Declaration is to ensure compliance of the property with the senior occupancy and management covenants set forth in Section 5.6 of the Agreement, and by reason thereof, the Owner, in consideration for assistance provided by the EDA under the Agreement that makes possible the construction of the Minimum Improvements (as defined in the Agreement) on the Property, hereby agrees and consents that the EDA shall be entitled, for any breach of the provisions of this Declaration, and in addition to all other remedies provided by law or in equity, to enforce specific performance by the Owner of its obligations under this Declaration in a state court of competent jurisdiction. The Owner hereby further specifically acknowledges that the EDA cannot be adequately compensated by monetary damages in the event of any default hereunder.

(d) The Owner understands and acknowledges that, in addition to any remedy set forth herein for failure to comply with the restrictions set forth in this Declaration, the EDA may exercise any remedy available to it under Article X of the Agreement.

7. Indemnification. The Owner hereby indemnifies, and agrees to defend and hold harmless, the EDA from and against all liabilities, losses, damages, costs, expenses (including attorneys' fees and expenses), causes of action, suits, allegations, claims, demands, and judgments of any nature arising from the consequences of a legal or administrative proceeding or action brought against them, or any of them, on account of any failure by the Owner to comply with the terms of this Declaration, or on account of any representation or warranty of the Owner contained herein being untrue.

8. Agent of the EDA. The EDA shall have the right to appoint an agent to carry out any of its duties and obligations hereunder, and shall inform the Owner of any such agency appointment by written notice.

9. Severability. The invalidity of any clause, part or provision of this Declaration shall not affect the validity of the remaining portions thereof.

10. Notices. All notices to be given pursuant to this Declaration shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing. The Owner and the EDA may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, or other communications shall be sent. The initial addresses for notices and other communications are as follows:

To the EDA: Economic Development Authority in and
for the City of Coon Rapids, Minnesota
11155 Robinson Drive NW
Coon Rapids, MN 55422
Attention: Executive Director

To the Owner: Coon Rapids Leased Housing Associates IV, LLLP
2905 Northwest Blvd.
Plymouth MN 55441-2644
Attention: Mark Moorhouse and Ryan Lunderby

11. Governing Law. This Declaration shall be governed by the laws of the State of Minnesota and, where applicable, the laws of the United States of America.

12. Attorneys' Fees. In case any action at law or in equity, including an action for declaratory relief, is brought against the Owner to enforce the provisions of this Declaration, the Owner agrees to pay the reasonable attorneys' fees and other reasonable expenses paid or incurred by the EDA in connection with such action.

13. Declaration Binding. This Declaration and the covenants contained herein shall run with the real property comprising the Project and shall bind the Owner and its successors and assigns and all subsequent owners of the Project or any interest therein, and the benefits shall inure to the EDA and its successors and assigns for the term of this Declaration as provided in Section l(b).

Drafted by:

Kennedy & Graven Chartered (JSB)
470 U.S. Bank Plaza
Minneapolis, MN 55406

IN WITNESS WHEREOF, the Owner has caused this Declaration of Restrictive Covenants to be signed by its respective duly authorized representatives, as of the day and year first written above.

COON RAPIDS LEASED HOUSING
ASSOCIATES IV, LLLP

By Coon Rapids Leased Housing Associates IV,
LLC, its general partner.

By: _____
Mark S. Moorhouse, Senior Vice President

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this _____ day of _____, 2015 by Mark S. Moorhouse, the Senior Vice President of Coon Rapids Leased Housing Associates IV, LLC, the general partner of Coon Rapids Leased Housing Associates IV, LLLP, a Minnesota limited liability company, on behalf of the limited liability limited partnership.

Notary Public

(The remainder of this page is intentionally left blank.)

This Declaration is acknowledged and consented to by:

ECONOMIC DEVELOPMENT AUTHORITY IN
AND FOR THE CITY OF COON RAPIDS,
MINNESOTA

By _____
Its President

By _____
Its Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF ANOKA)

The foregoing instrument was acknowledged before me on this ____ day of _____, 20__ by _____ and _____, the President and Executive Director of the Economic Development Authority in and for the City of Coon Rapids, Minnesota, a body corporate and politic established pursuant to Minnesota Statutes, Chapter 469, on behalf of the Authority.

Notary Public

EXHIBIT A
Legal Description

The land referred to is situated in the State of Minnesota, County of Anoka, and is described as follows:

[To be added upon finalizing plat]

[Remainder of this page is intentionally left blank.]

EXHIBIT B
Certification of Tenant Eligibility

(AGE CERTIFICATION)

Project: _____, 11000 Crooked Lake Boulevard NW, Coon Rapids, Minnesota 55433
Owner: Coon Rapids Leased Housing Associates IV, LLLP
Unit: _____

1. I/We, the undersigned, being first duly sworn, state that I/we have read and answered fully, frankly and personally each of the following questions for all persons (including minors) who are to occupy the unit in the above apartment building for which application is made, all of whom are listed below:

Name of Members of the Household	Relationship To Head of Household	Age
_____	_____	_____
_____	_____	_____
_____	_____	_____

THE UNDERSIGNED HEREBY CERTIFY THAT THE INFORMATION SET FORTH ABOVE IS TRUE AND CORRECT. THE UNDERSIGNED ACKNOWLEDGE THAT THE LEASE FOR THE UNIT TO BE OCCUPIED BY THE UNDERSIGNED WILL BE CANCELLED UPON 10 DAYS WRITTEN NOTICE IF ANY OF THE INFORMATION ABOVE IS NOT TRUE AND CORRECT.

Head of Household

Spouse

Subscribed and sworn to before me this ____ day of _____, 20____.

(Notary Seal)

Notary Public in and for the
State of _____
My Commission Expires: _____

EXHIBIT C

Certificate of Continuing Program Compliance

Date: _____, _____.

The following information with respect to the Project located at 11000 Crooked Lake Boulevard, Coon Rapids, Minnesota 55433 (the "Project"), is being provided by Coon Rapids Leased Housing Associates IV, LLLP (the "Owner") to the Economic Development Authority in and for the City of Coon Rapids, Minnesota (the "EDA"), pursuant to that certain Declaration of Restrictive Covenants dated as of _____, 20____ (the "Declaration") and the Purchase and Redevelopment Agreement between the EDA and the Owner dated as of _____, 2015 (the "Agreement") with respect to the Project:

(A) The total number of residential units which are available for occupancy is 165. The total number of occupied units is _____.

(B) The following residential units are considered to be occupied by Qualifying Tenants based on the information set forth below:

	Unit Number	Name of Tenant	Number of Persons Residing in the Unit	Date of Initial Occupancy	Age of oldest person
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					

19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					

[expand to cover 165 units]

(C) The Owner has obtained a “Certification of Tenant Eligibility,” in the form provided as **EXHIBIT B** to the Declaration, from each Tenant named in (D) above, and each such Certificate is being maintained by the Owner in its records with respect to the Project. Attached hereto is the most recent “Certification of Tenant Eligibility” for each Tenant named in (D) above who signed such a Certification since _____, _____, the date on which the last “Certificate of Continuing Program Compliance” was filed with the EDA by the Owner.

(D) In renting the residential units in the Project, the Owner has not given preference to any particular group or class of persons (except for persons who qualify as Qualifying Tenants, and except as providing in the marketing plan under Section 5.7 of the Agreement). All of the residential units in the Project have been rented pursuant to a written lease, and the term of each lease is at least ____ months.

(E) The information provided in this “Certificate of Continuing Program Compliance” is accurate and complete, and no matters have come to the attention of the Owner which would indicate that any of the information provided herein, or in any “Certification of Tenant Eligibility” obtained from the Tenants named herein, is inaccurate or incomplete in any respect.

(F) The Project is in continuing compliance with the Declaration.

(G) The Owner has retained a professional rental housing manager with an office located in the Project, to provide rental management services typical in the senior rental housing facilities. The Owner currently maintains a contract for such services with _____, a copy of which is available for inspection at the EDA’s request.

IN WITNESS WHEREOF, I have hereunto affixed my signature, on behalf of the Owner,
on _____, 20_____.

COON RAPIDS LEASED HOUSING
ASSOCIATES IV, LLP, a Minnesota limited
liability limited partnership

By _____
Its _____

EXHIBIT G

FORM OF DEFERRED LOAN PROMISSORY NOTE

PROMISSORY NOTE

Date: _____, 2015

Amount: \$ _____

FOR VALUE RECEIVED, the undersigned (the “Borrower”) promises to pay to the order of the **ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF COON RAPIDS, MINNESOTA**, a public body corporate and politic, organized and existing under the laws of the State of Minnesota (the “EDA”), its successors or assigns, at 11155 Robinson Drive NW, Coon Rapids, MN, 55433 the sum of **THREE HUNDRED THOUSAND AND 00/100 DOLLARS, (\$300,000.00)** (the “Loan”), that was advanced pursuant to that certain Purchase and Redevelopment Agreement, dated _____, 2015 between the Borrower and the EDA (the “Agreement”), the terms and conditions of which Agreement are incorporated herein, in legal tender of the United States, with simple interest thereon from the date hereof at the rate of 1.00% percent per annum, as provided below. Defined terms used in this note have the meanings as defined in either this note or in the Agreement.

1. No payments of principal or interest will be made until _____ 20__, at which time the principal amount this note and all accrued interest thereon are due and payable in full (“Maturity Date”).

2. Prior to the Maturity Date, the entire amount owing under this Note shall be due and payable in full on the occurrence of any of the following events:

- (i) The voluntary or involuntary sale, transfer or conveyance of any part of the Redevelopment Property; or
- (ii) The voluntary or involuntary sale, transfer or conveyance of any part of the Borrower not permitted under the Agreement; or
- (iii) The payment in full of the Housing Revenue Bonds as defined in the Agreement, as may be refinanced from time to time and the satisfaction of the related prior mortgage against the Redevelopment Property.

Subject to the terms of the Bonds, in the event that the Borrower fails to comply with a term or condition contained in the Agreement, the entire principal sum of the Loan plus interest thereon amount shall become immediately due and payable.

In the event the principal on this note, or any part thereof, is not paid when due, at the Maturity Date, or upon acceleration, and is placed in the hands of an attorney or debt collector for collection, the undersigned hereof, its successors and assigns, will repay on demand all costs

and expenses of collection so incurred, including reasonable attorney's fees, whether or not suit or legal proceeding is actually commenced for the collection thereof.

Subject to the terms of the Bonds, if default be made in the payment of this note or any part thereof at the Maturity Date, when due, or if an Event of Default shall occur and be continuing under the terms of and as defined in the Agreement or any other document given in conjunction herewith, then the whole sum or sums herein agreed to be paid, shall at the option of the note holder, become immediately due and payable, without notice, and no omission or delay on the part of the note holder to exercise such option shall be construed as a waiver of such right. Such option shall be a continuing right and may be exercised as often as any such default may occur.

Demand, protest and notice of demand and protest are hereby waived, and the undersigned further hereby waives, to the extent authorized by law, any and all exemption rights which otherwise would apply to the debt evidenced by this note.

This note may not be modified orally, but only by an agreement in writing and signed by the party against whom enforcement of any waiver, change, modification or discharge is sought, and is made with reference to and is to be construed in accordance with the laws of the State of Minnesota.

IN WITNESS WHEREOF, this note has been duly executed by the undersigned as of the above-listed date.

COON RAPIDS LEASED HOUSING
ASSOCIATES IV, LLLP

By Coon Rapids Leased Housing Associates **IV, LLC**, its general partner.

By: _____
Mark S. Moorhouse, Senior Vice President

EXHIBIT H

FORM OF DEFERRED LOAN MORTGAGE

COMBINATION MORTGAGE, SECURITY AGREEMENT, AND FIXTURE FINANCING STATEMENT

THIS COMBINATION MORTGAGE, SECURITY AGREEMENT, AND FIXTURE FINANCING STATEMENT (the "Mortgage") is made effective this _____ day of _____, 2015, by **COON RAPIDS LEASED HOUSING ASSOCIATES IV, LLLP**, a Minnesota limited liability limited partnership, whose address is 2905 Northwest Blvd., Suite 150, Plymouth MN 55441-2644 (the "Mortgagor" or "Borrower"), in favor of the **ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF COON RAPIDS, MINNESOTA**, a public body both corporate and politic, whose address is 11155 Robinson Drive NW, Coon Rapids, MN, 55433 (herein referred to as the "Mortgagee").

WITNESSETH:

That said Mortgagor hereby mortgages and conveys unto said Mortgagee and grants a security interest in those certain premises situated in the County of Anoka, State of Minnesota, and legally described on **Exhibit A** attached hereto and made a part hereto (the "Property").

Together with (i) all of the buildings, structures and other improvements now standing or at any time hereafter constructed or placed upon the Property; (ii) all lighting, heating, ventilating, air-conditioning, sprinkling and plumbing fixtures, water and power systems, engines and machinery, boilers, furnaces, oil burners, elevators and motors, communication systems, dynamos, transformers, electrical equipment and all other fixtures of every description located in or on, or used, or intended to be used in connection with the Property or any building now or hereafter located thereon (excluding, however, fixtures owned by tenants occupying space in any building now or hereafter located on the Property); (iii) all hereditaments, easements, appurtenances, riparian rights, rents, issues, profits, insurance proceeds, condemnation awards, mineral rights and water rights now or hereafter belonging or in any way pertaining to the Property or to any building now or hereafter located thereon and all the estates, rights and interests of the Borrower in the Property; (iv) all building materials, furniture, furnishings, maintenance equipment and all other personal property now or hereafter located in, or on, or

used, or intended to be used in connection with the Property or any building now or hereafter located thereon and all replacements and additions thereto (excluding personal property owned by tenants occupying space in any building now or hereafter located on the Property); and (v) all proceeds of all of the foregoing (all of the foregoing, are collectively hereinafter referred to as the "Project" and are further described in **Exhibit C**) and the filing of this Mortgage shall constitute the filing of a financing statement in the office wherein it is filed and a carbon, photographic or other reproduction of this document may also be filed as a financing statement:

Name and Address of Debtor and Record Owner of the Property:	Coon Rapids Leased Housing Associates IV, LLLP c/o Dominion Development and Acquisition 2905 Northwest Blvd, Suite 150 Plymouth, MN 55441-2644 Attn: Mark S. Moorhouse and Ryan Lunderby
--	---

Names and Addresses of Secured Party:	Economic Development Authority in and for the City of Coon Rapids, Minnesota 11155 Robinson Drive NW Coon Rapids, MN, 55433
---------------------------------------	--

Description of the Types (or items) of property covered by this financing statement:	See above and <u>Exhibit C</u>
--	---------------------------------------

Description of real estate to which all or part of the collateral is attached or upon which it is located:	See <u>Exhibit A</u> attached hereto.
--	--

Some of the above described collateral is or is to become fixtures upon the real estate described on **Exhibit A**, and this financing statement is to be filed for record in the public real estate records.

This Mortgage is given in consideration of and as security for the payment of a loan (the "Loan") totaling **THREE HUNDRED THOUSAND AND 00/100 DOLLARS, (\$300,000.00)** which is made to reimburse Mortgagor for certain costs incurred in acquisition of a portion of the Property. The Loan is evidenced by a Promissory Note in the amount of **THREE HUNDRED THOUSAND AND 00/100 DOLLARS, (\$300,000.00)** of even date herewith made by Mortgagor (the "Promissory Note"), the terms and conditions of which are incorporated herein. Advances under the Promissory Note are to be made in accordance with that certain Purchase and Redevelopment Agreement made by and between the Mortgagor and Mortgagee dated as of April __, 2015 (the "Agreement"). The entire principal of the Loan shall be due and payable in accordance with the terms of the Promissory Note. The terms, conditions and definitions contained in the Promissory Note and the Agreement are incorporated herein.

Mortgagor makes and includes in this Mortgage the Statutory Covenants and other provisions set forth in Minnesota Statutes Section 507.15, and Mortgagor covenants with Mortgagee the following covenants:

- A. To warrant title to the Property, subject to those matters set forth on **Exhibit B** attached hereto;
- B. To pay the indebtedness as provided in the Promissory Note;
- C. To pay all taxes as applicable;
- D. That the Property shall be kept in repair and no waste shall be committed and no hazardous substances or materials shall be allowed on the Property except as may be used in the ordinary course of operation of the Minimum Improvement;
- E. Mortgagor shall keep any buildings on the Property insured against loss by fire and other hazards for at least the sum of the full insurable value of said buildings, for the protection of Mortgagee subject to the rights of any prior Mortgagee;
- F. That the whole of the principal sum evidenced by the Promissory Note shall become due after default by Mortgagor in any payment of principal or of any tax as and where due and payable, or in the performance of any other covenant, at the option of the Mortgagee, as provided hereafter and in the Agreement; and
- G. To pay, when due, the principal and interest on other mortgages, as set forth in **Exhibit B** hereto.

In case of failure to pay said taxes and assessments, prior liens or encumbrances and attorney's fees as above specified, or to insure said buildings, improvements, and fixtures and deliver the policies as aforesaid, Mortgagee may, in its sole discretion, pay such taxes, assessments, prior liens, expenses, and attorney's fees and interest thereon, or obtain such insurance, and the sums so paid shall bear interest from the date of such payment at the rate of 5.00% per annum, and shall be impressed as an additional lien upon the Property and be immediately due and payable from Mortgagor to Mortgagee and this Mortgage shall from date thereof secure the repayment of such advances with interest.

The Mortgagee, or its agents, shall have the right at all reasonable times upon prior written notice, to enter upon the Property for purposes of inspecting the Property and the Project or any part thereof. The Mortgagee shall however, have no duty to make such inspection.

Mortgagor shall not lease, sublease, encumber, sell, transfer, convey, assign or otherwise transfer all or any part of its interest in the Property without prior written consent of Mortgagee except (i) to tenants in the ordinary course of business and (ii) as permitted pursuant to the Agreement.

Subject to the terms of the Agreement in the event of damage or destruction to the Property, Mortgagee shall make any insurance proceeds available to Mortgagor for restoration or rebuilding so long as Mortgagor is not then in continued material default hereunder.

If Mortgagor shall repay the Loan to the Mortgagee, or its successors or assigns according to the terms of the Promissory Note and not be in default of the Agreement, then this Mortgage shall be null and void, otherwise to remain in full force and effect. But if default shall be made in payment of said sum when due or in any of the covenants or agreements contained herein or an Event of Default (in and/or as defined in the Agreement shall occur (and such default or Event of Default shall continue for a period of thirty (30) days after written notice to Mortgagor from Mortgagee specifying such default of Event of Default), the Mortgagee, subject to the restrictions and limitations set forth in the Agreement, may declare immediately due and payable the entire unpaid principal balance together with interest hereon, and Mortgagee, and its successors and assigns, are hereby authorized and empowered to foreclose this Mortgage by action or advertisement, pursuant to the statutes of the State of Minnesota, in such case made and provided, power being expressly granted to sell the Property at public auction and convey the same to the purchaser in fee simple and, out of the proceeds arising from such sale, to pay the principal of the Promissory Note with interest, together with all legal costs and charges of such foreclosure and the maximum attorney's fees permitted by law, and to exercise and enforce any and all of its rights and remedies available after default to a secured party under Minnesota's Uniform Commercial Code.

Mortgagee, prior to acceleration, shall furnish written notice to Mortgagor at the address provided above, by Certified or Registered United States mail, postage prepaid, specifying:

1. The event of default;
2. The action required to cure such event;
3. A date, not less than thirty (30) days from the date the notice is mailed to Mortgagor, by which such default on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage and Sale of the Property. The notice shall further inform Mortgagor of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Mortgagor to acceleration and sale. If the default is not cured on or before the date specified in the notice, Mortgagee at Mortgagee's option, but subject to the restrictions and limitations in the Agreement, may declare all of the sums secured by this Mortgage to be immediately due and payable without further demand and may invoke the power of sale hereby granted and any other remedy permitted by applicable law. Notwithstanding Mortgagee's acceleration of the sums secured by this Mortgage, Mortgagor shall have the right to have any proceedings begun by Mortgagee to enforce this Mortgage discontinued at any time prior to the earlier of:
 - (a) Sale of the Property pursuant to the power of sale contained in this Mortgage; or

(b) A judgment enforcing this Mortgage if:

(1) Mortgagor pays Mortgagee all sums constituting the default actually existing under this Mortgage and the Promissory Note at the commencement of foreclosure proceedings under this Mortgage;

(2) Mortgagor cures all breaches of any other covenants or agreements by Mortgagor contained in this Mortgage;

(3) Mortgagor pays all reasonable expenses incurred by Mortgagee in enforcing the covenants and agreements of Mortgagor contained in this mortgage and in enforcing Mortgagee's remedies as provided herein, including, but not limited to, reasonable attorney's fees; and

(4) Mortgagor takes such action as Mortgagee may reasonably require to assure that the lien of this Mortgage, Mortgagees' interest in the Property, and Mortgagor's obligation to pay the sums secured by this Mortgage and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

MORTGAGOR HEREBY EXPRESSLY CONSENTS TO THE FORECLOSURE AND SALE OF THE MORTGAGED PROPERTY BY ACTION PURSUANT TO MINNESOTA STATUTES CHAPTER 581 OR, AT THE OPTION OF MORTGAGEE, BY ADVERTISEMENT PURSUANT TO MINNESOTA STATUTES CHAPTER 580, WHICH PROVIDES FOR SALE AFTER SERVICE OF NOTICE THEREOF UPON THE OCCUPANT OF THE MORTGAGED PROPERTY AND PUBLICATION OF SAID NOTICE FOR SIX WEEKS IN THE COUNTY IN MINNESOTA WHERE THE MORTGAGED PROPERTY IS SITUATED. MORTGAGOR ACKNOWLEDGES THAT SERVICE NEED NOT BE MADE UPON MORTGAGOR PERSONALLY UNLESS MORTGAGOR IS AN OCCUPANT AND THAT NO HEARING OF ANY TYPE IS REQUIRED IN CONNECTION WITH THE SALE. AND EXCEPT AS MAY BE PROVIDED IN SAID STATUTES AND THIS MORTGAGE, MORTGAGOR EXPRESSLY WAIVES ANY AND ALL RIGHTS TO PRIOR NOTICE OF SALE OF THE MORTGAGED PROPERTY AND ANY AND ALL RIGHTS TO A PRIOR HEARING OF ANY TYPE IN CONNECTION WITH THE SALE OF THE MORTGAGED PROPERTY.

MORTGAGOR ACKNOWLEDGES THAT IT IS REPRESENTED BY LEGAL COUNSEL; THAT BEFORE SIGNING THIS MORTGAGE, THIS SECTION AND MORTGAGOR'S CONSTITUTIONAL RIGHTS WERE FULLY EXPLAINED BY SUCH COUNSEL; AND THAT MORTGAGOR UNDERSTANDS THE NATURE AND EXTENT OF THE RIGHTS WAIVED HEREBY AND THE EFFECT OF SUCH WAIVER.

This Mortgage and the Promissory Note shall be construed in accordance with the laws of the State of Minnesota.

Mortgagor shall have the right and privilege, but not the obligation, to borrow additional funds and to further encumber the security and collateral given and pledged to Mortgagee hereunder at any time, from time to time, and as often as Mortgagor shall determine, without the consent of the Mortgagee unless required by the Agreement.

This Mortgage shall constitute a security agreement within the meaning of the Minnesota Uniform Commercial Code (“Code”), and the Mortgagor hereby grants to the Mortgagee a security interest within the meaning of the Code in the property described in **Exhibit C** attached hereto.

In addition to other obligations described herein, the Borrower is liable for:

- (a) Damage to the Property or injury to persons or property as a result of hazardous materials, substances or violations of environmental laws;
- (b) Application of insurance proceeds or condemnation award other than pursuant to the provisions of the Mortgage;
- (c) Waste or damage to the Property; and
- (d) Failure to pay real estate taxes or assessments on the Property.

EXHIBIT A
to Combination Mortgage,
Assignment of Rents and Leases
and Security Agreement
LEGAL DESCRIPTION

[TO BE COMPLETED]

EXHIBIT B
to Combination Mortgage,
Assignment of Rents and Leases
and Security Agreement
PERMITTED ENCUMBRANCES

BORROWER: Coon Rapids Leased Housing Associates IV, LLLP, a Minnesota limited liability limited partnership

LENDER: Economic Development Authority in and for the City of Coon Rapids, Minnesota, a Minnesota public body both corporate and politic

The Property is subject to the following liens and no others:

1. Taxes payable in 2015.
2. Mortgage in favor of _____ in the amount of \$_____.00.
3. [TO BE COMPLETED]

EXHIBIT C
to Combination Mortgage,
Assignment of Rents and Leases
and Security Agreement
COLLATERAL DESCRIPTION

As used herein, the term “Debtor” shall mean and include the terms “Mortgagor”, “Grantor”, and “Borrower”; and the term “Secured Party” shall mean and include the terms “Lender”, “Beneficiary”, “EDA”, and “Creditor”.

This Exhibit “C” is attached to, incorporated by reference in and forms a part of certain documents (collectively, the “Security Documents”), dated of even date herewith, executed and delivered by the Debtor in connection with the financing of the Project (as hereinafter defined), including (i) the Mortgage, Assignment of Rents and Security Agreement; and (ii) financing statements.

This Exhibit “C” refers to the following collateral, which may be now or hereafter located on the premises of, relate to, or be used in connection with that certain approximately 165-unit senior rental housing facility described in the Agreement (the “Project”), located in Coon Rapids, Minnesota.

1. All materials now owned or hereafter acquired by the Debtor and intended for construction, alteration and repair of any building, structure or improvement now or hereafter erected or placed on the property described in Exhibit “A” (the “Property”), all of which materials shall be deemed to be included within the Project immediately upon the delivery thereof to the Project.

2. All the walks, fences, shrubbery, driveways, fixtures, machinery, apparatus, equipment, fittings, and other goods and other personal property of every kind and description whatsoever, now owned or hereafter acquired by the Debtor and attached to or contained in and used or usable in connection with any present or future operation of the Project, including, by way of example rather than of limitation, all lighting, laundry, incinerating and power equipment; all engines, boilers, machines, motors, furnaces, compressors and transformers; all generating equipment; all pumps, tanks, ducts, conduits, wire, switches, electrical equipment and fixtures, fans and switchboards; all telephone equipment; all piping, tubing, plumbing equipment and fixtures; all heating, refrigeration, air conditioning, cooling, ventilating, sprinkling, water, power and communications equipment, systems and apparatus; all water coolers and water heaters; all fire prevention, alarm and extinguishing systems and apparatus; all cleaning equipment; all lift, elevator and escalator equipment and apparatus; all partitions, shades, blinds, awnings, screens, screen doors, storm doors, exterior and interior signs, gas fixtures, stoves, ovens, refrigerators, garbage disposals, dishwashers, cabinets, mirrors, mantles, floor coverings, carpets, rugs, draperies and other furnishings and furniture installed or to be installed or used or usable in the operation of any part of the Project or facilities erected or to be erected in or upon the Property; and every renewal or replacement thereof or articles in substitution thereof, whether or not the same are now or hereafter attached to the Property in any manner; all except

for any right, title or interest therein owned by any tenant (it being agreed that all personal property owned by the Debtor and placed by it on the Property shall, so far as permitted by law, be deemed to be affixed to the Property, appropriated to its use, and covered by each of the Security Documents to which this Exhibit is attached).

3. All of the Debtor's right, title and interest in and to any and all judgments, awards of damages (including but not limited to severance and consequential damages), payments, proceeds, settlements or other compensation (collectively, the "Awards") heretofore or hereafter made, including interest thereon, and the right to receive the same, as a result of, in connection with, or in lieu of (I) any taking of the Property or any part thereof by the exercise of the power of condemnation or eminent domain, or the police power, (II) any change or alteration of the grade of any street, or (III) any other injury or decrease in the value of the Property or any part thereof (including but not limited to destruction or decrease in value by fire or other casualty), all of which Awards, rights thereto and shared therein are hereby assigned to the Secured Party, who is hereby authorized to collect and receive the proceeds thereof and to give property receipts and acquittances therefor and to apply, at its option, the net proceeds thereof, after deducting expenses of collection, as a credit upon any portion, as selected by the Secured party, of the indebtedness secured by the Security Documents.

4. All of the Debtor's right, title and interest in and to any and all payments, proceeds, settlements or other compensation heretofore and hereafter made, including interest thereon, and the right to receive the same from any and all insurance policies covering the Property or any portion thereof, or any of the other property described herein.

5. The interest of the Debtor in and to all of the rents, royalties, issues, profits, revenues, income, and other benefits of the Property other than tax credits, or arising from the use or enjoyment pertaining thereto, and all right, title and interest of the Debtor in and to, and remedies under, all contract rights, account receivable and general intangibles arising out of or in connection with any and all leases and subleases of the Property, or any part thereof, and of the other property described herein, or any part thereof, both now in existence or hereafter entered into, together with all proceeds (cash and non-cash) thereof; and including, without limitation, all cash or securities deposited thereunder to secure performance by the lessees of their obligations thereunder.

6. All of the Debtor's rights, options, powers and privileges in and to (but not the Debtor's obligations and burdens under) any construction contract, architectural and engineering agreements and management contract pertaining to the construction, development, ownership, equipping and management of the Property and all of the Debtor's rights, title, and interest in and to (but not the Debtor's obligations and burdens under) all architectural, engineering and similar plans, specifications, drawings, reports, surveys, plats, permits and the like, contracts for construction operation and maintenance of, or provision of services to, the Property or any of the other property described herein, and all sewer taps and allocations, agreements for utilities, bonds and the like, all relating to the Property.

7. All intangible personal property, accounts, licenses, permits, instruments, contract rights, and chattel paper of the Debtor relating to the Project, including but not limited to cash;

accounts receivable; bank accounts; certificates of deposit; securities; promissory notes; rents; rights (if any) amounts held in escrow; insurance proceeds; condemnation rights; deposits; judgements, liens and causes of action; warranties and guarantees. Provided, however, that the security interest granted herein shall not include any of the foregoing which do not relate to the operation of the Project or any tax credits.

8. The interest of the Debtor in any cash escrow fund and in any and all funds, securities, instruments, documents and other property which are at any time paid to, deposited with, under the control of, or in the possession of the Secured Party, or any of its agents, branches, affiliates, correspondents or others acting on its behalf, which rights shall be in addition to any right of set-off or right of lien that the Secured Party may otherwise enjoy under applicable law, regardless of whether the same arose out of or relates in any way, whether directly or indirectly, to the Project located upon the Property.

9. The interest of the Debtor in and to any and all funds created or established and held by the trustee pursuant to any indenture of trust or similar instrument authorizing the issuance of bonds or notes for the purpose of financing the Project located upon the Property.

10. All inventory, including raw materials, components, work-in-process, finished merchandise and packing and shipping materials owned by the Debtor and located on the Property.

11. Proceeds, products, returns, additions, accessions and substitutions of and to any or all of the above, but not including sale proceeds of a permitted transfer of the project.

12. Any of the above arising or acquired by the Debtor or to which the Debtor may have a legal or beneficial interest in on the date hereof and at any time in the future.

13. Any of the above which may become fixtures by virtue of attachment to the Property.

14. All of the records and books of account now or hereafter maintained by or on behalf of the Debtor in connection with the Project.

15. All names now or hereafter used in connection with the Project and the goodwill associated therewith.